STATE OF MINNESOTA

Comprehensive Annual Financial Report

for the year ended
June 30, 1986

THE GREAT SEAL OF THE STATE OF MINNESOTA
L'ETOILE DU NORD
1858

State of Minnesota

Comprehensive Annual Financial Report

for the year ended June 30, 1986

Prepared by
Department of Finance
Jay Kiedrowski, Commissioner
309 State Administration Building
St. Paul, Minnesota 55155

STATE OF MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 1986

TABLE OF CONTENTS

INTRODUCTION

Page

Transmittal Letter........ 6

Certificate of Achievement........ 12

Graphic Presentations of Revenues and Expenditures - Governmental Fund Types. 13

Principal State Officials........ 15

State Organization Chart........ 16

FINANCIAL SECTION

GENERAL PURPOSE FINANCIAL STATEMENTS

Auditor's Opinion........ 20

Combined Balance Sheet - All Fund Types and Account Groups........ 21

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds........ 23

Combined Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - General Fund and Appropriated Special Revenue Funds - Budgetary Basis........ 24

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/ Fund Balances/Funds Held in Trust - All Proprietary Fund Types and Similar Trust Funds........ 25

Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds........ 26

Notes to the Financial Statements........ 27

COMBINING FINANCIAL STATEMENTS

Special Revenue Funds:

Combining Balance Sheet........ 51

Combining Statement of Revenues, Expenditures and Changes in Fund Balances. 53

Combining Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - Appropriated Special Revenue Funds - Budgetary Basis... 55

Other Transportation Funds:

Combining Balance Sheet........ 58

Combining Statement of Revenues, Expenditures and Changes in Fund Balances........ 59

Combining Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis........ 60

Natural Resources Funds:

Combining Balance Sheet........ 61

Combining Statement of Revenues, Expenditures and Changes in Fund Balances........ 62

Combining Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis........ 63

Table of Contents (Continued)

Page

Appropriated Miscellaneous Special Revenue Funds:
- Combining Balance Sheet.... 65
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances.... 66
- Combining Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis.... 67

Capital Projects Funds:
- Combining Balance Sheet.... 69
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances. 70

Enterprise Funds:
- Combining Balance Sheet.... 73
- Combining Statement of Revenues, Expenses and Changes in Retained Earnings. 75
- Combining Statement of Changes in Financial Position.... 77

Internal Service Funds:
- Combining Balance Sheet.... 81
- Combining Statement of Revenues, Expenses and Changes in Retained Earnings. 83
- Combining Statement of Changes in Financial Position.... 85

Fiduciary Funds:
- Combining Balance Sheet.... 90

Pension Trust Funds:
- Combining Balance Sheet.... 91
- Combining Statement of Revenues, Expenses and Changes in Fund Balances/ Funds Held in Trust.... 92
- Combining Statement of Changes in Financial Position.... 93

Defined Benefit Pension Funds:
- Combining Balance Sheet.... 95
- Combining Statement of Revenues, Expenses and Changes in Fund Balances.. 97
- Combining Statement of Changes in Financial Position.... 99

Defined Contribution Funds:
- Combining Balance Sheet.... 101
- Combining Statement of Revenues, Expenses and Changes in Funds Held in Trust.... 102
- Combining Statement of Changes in Financial Position.... 103

Investment Trust Funds:
- Combining Balance Sheet.... 104
- Combining Statement of Revenues, Expenses and Changes in Funds Held in Trust.... 105
- Combining Statement of Changes in Financial Position.... 106
- Combining Schedule of Participation.... 107
- Combining Summary of Investments.... 108

Expendable Trust Funds:
- Combining Balance Sheet.... 109
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances.... 111

Agency Funds:
- Statement of Changes in Assets and Liabilities.... 113

Table of Contents (Continued)

Page

General Fixed Assets Account Group:
  Schedule of General Fixed Assets - By Sources 117
  Schedule of General Fixed Assets - By Function and Activity 118
  Schedule of Changes in General Fixed Assets - By Function and Activity 119

General Long-Term Obligation Account Group:
  Statement of Changes in General Long-Term Obligations 121

GENERAL OBLIGATION DEBT SCHEDULES

Scheduled Debt Service for Fiscal Years 1987-2005 123
Authorized but Unissued General Obligation Debt 129

STATISTICAL SECTION

General Governmental Revenues by Source 131
General Governmental Expenditures by Function and Net Transfers-Out 131
Assessed Value of Taxable Property 133
Market Value of Taxable Property 133
Ratio of General Obligation Bonded Debt to Assessed Value of Taxable Property and General Obligation Bonded Debt per Capita 134
Ratio of Annual Debt Service for General Obligation Bonded Debt to General Expenditures 134
Schedules of Revenue Bond Coverage 135
Minnesota Bank Deposits and Gross Retail Sales 137
Minnesota Population, Per Capita Personal Income and Unemployment Rate 137
New Housing Units Authorized in Permit-Issuing Localities 137
Employment Mix in Minnesota 138
Average Daily Public School Membership 138
Minnesota Based Corporations Included in the Fortune 500 138

INTRODUCTION

This page intentionally left blank.

STATE OF MINNESOTA
DEPARTMENT OF FINANCE
309 STATE ADMINISTRATION BUILDING
SAINT PAUL, MINNESOTA 55155

612-296-5900

December 10, 1986

The Honorable Rudy Perpich, Governor
and
Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, we are submitting the Comprehensive Annual Financial Report for the state of Minnesota for the fiscal year ended June 30, 1986. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for governmental units, as established by the Governmental Accounting Standards Board (GASB) and have earned an unqualified audit opinion.

The Department of Finance is responsible for the accuracy, fairness, and completeness of the financial statements, including all disclosures, presented in this report. We believe that these statements provide a fair representation of the financial position of the state on June 30, 1986, and the results of operations for the fiscal year then ended, in accordance with generally accepted accounting principles. These statements, of necessity, include some amounts which are based on management's best estimates and judgment.

REPORTING ENTITY - This report includes all of the funds and activities considered to be a part of the state's reporting entity. In determining that entity, the following criteria were used: financial interdependence, fiscal accountability, administrative control, and scope of public service. Using these criteria, the University of Minnesota is not considered to be a part of the state's reporting entity because its separate governing board gives it a high degree of autonomy.

FINANCIAL REPORT FORMAT - The report is divided into three sections: Introductory Section; Financial Section, including the auditor's opinion and basic financial statements; and the Statistical Section, containing financial and other data for prior and current years.

In the Financial Section, statements are divided into two parts according to the level of detail reported. In the first part the Combined Statements provide, by fund type or account group, a summary of the financial position at June 30, 1986 and the results of operations for the year then ended. In the second part the Combining Statements are presented with separate sections for each fund type, reflecting the financial position and results of operations for each individual fund.

The Notes to the Financial Statements in the financial section are considered essential for adequate disclosure and fair presentation of this report. They include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state. The notes provide additional information regarding the financial statements and are necessary to an understanding of the information included.

AN EQUAL OPPORTUNITY EMPLOYER

MANAGEMENT RESPONSIBILITIES

Accounting System - The Department of Finance is responsible for the statewide accounting system (SWAS) which is maintained on a budgetary basis of accounting. The budgetary basis recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year end are considered expenditures. Adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. These adjustments result in the budgetary fund balances often being significantly different from those calculated under GAAP.

Budgetary Control - Budgetary control is provided primarily through the accounting system. Specific legislative appropriations are required before expenditures can be made from several funds. These funds include the General, Trunk Highway, Highway Users Tax Distribution, State Airports, Transit Assistance, Game and Fish, Water Recreation, Minnesota Resources, Public Health, Miscellaneous Appropriated, and Environmental Funds. Appropriations are established in the accounting system at the amounts provided in the appropriation laws. SWAS does not permit expenditures in excess of these amounts.

Internal Control - The Department of Finance is responsible for designing and applying the state's system of internal accounting controls. These controls provide reasonable assurance that the state's assets are protected against loss, either intentional or unintentional, and that the accounting records from which the financial statements were prepared are reliable.

FINANCIAL HIGHLIGHTS

General Fund

In January of fiscal year 1986 it became evident that the growth of Minnesota's economy was slowing, reflecting the slowdown in the national economy. At that time, General Fund revenue projections through the end of the biennium showed a shortfall of $734 million over estimates earlier in the year. Appropriation reductions of $284 million along with the use of the $450 million budget reserve provided the measures to balance the General Fund budget by the end of the biennium, June 30, 1987.

At June 30, 1986, the General Fund unrestricted fund balance on a GAAP basis was $178.8 million, up from a deficit of $34.5 million at the end of fiscal year 1985. On a budgetary basis however, the unrestricted fund balance was $266.7 million, up from $57 million last year.

General Fund revenues and transfers-in totaled $4,532,807,054 for fiscal year 1986, down 7.7 percent from those for fiscal year 1985 due primarily to the tax reduction enacted by the 1985 Legislature. General Fund expenditures and transfers-out for the year totaled $4,722,160,792, an decrease of 0.3 percent from the previous year. Of this amount, $3,720,201,501, or 78.8 percent, is in the form of grants and subsidies to local governments, individuals and non profit organizations.

General Government Functions

General government functions are provided from the General, Special Revenue, Capital Projects and Debt Service Funds. The net revenues, expenditures and transfers for these funds are presented below (expressed in thousands). The percent of total and the increases or decreases over fiscal year 1985 are also presented.

			Increase (Decrease) over F.Y. 1985	
NET REVENUES:	Amount	%	Amount	%
Individual Income Taxes	$1,940,113	27.1%	$(295,566)	(13.2)%
Corporate Income Taxes	330,170	4.6	(26,118)	(7.3)
Sales Tax	1,360,627	19.0	13,833	1.0
Fuel Taxes	335,332	4.7	(15,361)	(4.4)
Other Taxes	924,196	12.9	16,764	1.8
Federal Revenue	1,724,570	24.1	123,435	7.7
Investment Income	118,018	1.6	(13,894)	(10.5)
Other Revenue	428,060	6.0	34,585	8.8
Total Net Revenues	$7,161,086	100.0%	$(162,322)	(2.0)%
EXPENDITURES AND TRANSFERS-OUT:				
Protection of Persons/Property	$ 103,039	1.4%	7,720	8.1%
Transportation	223,555	3.0	4,004	1.8
Resource Management	118,123	1.6	6,049	5.4
Economic/Manpower Development	150,976	2.0	11,582	8.3
Education	310,179	4.2	14,320	4.8
Health and Social Services	348,992	4.7	24,738	7.6
General Government	152,647	2.0	1,623	1.1
Capital Outlay	435,278	5.8	30,556	7.6
Debt Service	165,934	2.2	(1,266)	(.8)
Grants and Subsidies	5,225,178	70.1	198,882	4.0
Total Expenditures	$7,233,901	97.0	$ 298,208	4.3%
Net Transfers-Out	222,716	3.0	(19,924)	(8.2)
Total Expenditures and Transfers out	$7,456,617	100.0%	$ 278,284	3.9

The drop in individual and corporate income taxes is the result of the tax cut mentioned above. The reduced tax on gasohol caused the drop in fuel taxes. Decreased interest rates and cash balances in the General Fund reduced investment earnings.

The larger than average increase in expenditures in the economic/manpower development function is a result of funding for activities to attract new business to the state. The increase in health and social service expenditures results partly from pay equity increases for staff at state institutions and more quality reviews of nursing home providers. Expenditures for protection of persons and property increased to pay the costs of the National Guard when it was activated during the Hormel strike in Austin, Minnesota and the one time cost for the new six year auto license plates. Expenditures for roads and bridges account for most of the increase in capital outlay.

Debt Administration

Minnesota's credit ratings on general obligation bonds are AA+ (Standard and Poor's) and Aa (Moody's). During fiscal year 1986 the state issued $150 million of new general obligation bonds and redeemed $82.7 million of bonds. In addition, $52.1 million in general obligation refunding bonds were sold. The refunding bonds replaced $47.3 million of bonds originally issued in August of 1981. The true interest cost on the bonds originally issued in August, 1981 was 10.01%; the rate on the refunding bonds was 7.96%. In connection with this refunding, the state also issued $6.3 million in exchange bonds that replaced $6.3 million of bonds from the August, 1981 issue. We estimate a present value savings totalling $8 million from the August, 1985 refunding bonds and the general obligation refunding bonds dated June 1, 1985. The state issued general obligation refunding bonds dated August 1, 1986, in the amount of $236,500,000 with a true interest cost of 6.99%, replacing $227,800,000 of bonds sold in November, 1980 and March and July 1984, at true interest costs ranging from 8.19% to 9.31%. The present value savings resulting from the August 1986 refunding were $10.2 million.

The state of Minnesota's debt management policy states that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3% of the total projected biennial unrestricted General Fund nondedicated revenues, net of refunds, on the budgetary basis. The ratio of actual transfers to actual net unrestricted revenues for the first year of the biennium (year ended June 30, 1986) was 2.8%.

The state's debt policy also states that general obligation bonded debt should not exceed 2.5% of the total personal income for the state, as reported for the calendar year most recently ended. This ratio was 2.04% based on general obligation bonded debt outstanding at June 30, 1986 and personal income for calendar year 1985.

Cash Management

General Fund cash flow shortages that necessitated short-term borrowing since fiscal year 1981 have improved considerably. No borrowing was necessary to meet cash flow needs in fiscal year 1986 and none is anticipated for 1987. Short-term borrowing reached a high in fiscal year 1983 when $850 million was needed to meet anticipated cash deficiencies.

Minnesota's need to borrow to meet cash flow needs in recent years resulted from declining cash balances at the beginning of the fiscal year, imbalances in the timing of receipts and expenditures during the first half of each fiscal year, and revenue shortfalls in fiscal years 1981 to 1983. The Legislature reduced the timing imbalances by rescheduling some payments, and increased the budget reserve from $250 to $375 million for 1985 and to $450 million for 1986, which helped eliminate the need for short-term borrowing in the current biennium.

Other

Unemployment Trust Fund debt: The borrowing needed from the federal government to finance the payment of unemployment compensation from the Unemployment Compensation Trust Fund was reduced to $13.8 million at June 30, 1986, down from $146.7 million at June 30, 1985.

Master Lease Program: The state issued $31.9 million of Master Lease Certificates of Participation , dated September 1, 1985. The proceeds of these certificates were used to refinance existing leases and to provide financing for the lease purchasing of new equipment. The use of the master lease program is restricted primarily to Internal Service Funds. The savings resulting from the implementation of the Master Lease Program were estimated at $1.7 million.

Rural Finance Administration: The 1986 Legislature created the Rural Finance Administration (RFA) under the control of the Commissioner of Finance. The RFA has developed a program to join with willing lenders in restructuring the repayment terms of current farm real estate loans. The purpose of the program is to suspend a farmer's principal payments and reduce mortgage interest expense during the term of the restructured loan. The RFA will purchase a participation interest in the restructured loans that meet the criteria established by the RFA.

The RFA will issue taxable revenue bonds to finance its participation in the restructured loans. Additionally, the state will issue taxable general obligation bonds to provide security for the RFA revenue bonds.

AUDITS

The Office of the Legislative Auditor performs post-audits of the activities of state agencies. Accordingly, they performed the audit of these financial statements and their opinion is included. Additionally they issue a management letter to each state agency and a summary report to the legislature.

As a part of the audit of these financial statements a single audit of federal programs is being conducted by the Office of the Legislative Auditor. This audit meets the requirements of the federal Single Audit Act of 1984. The audit covers federal grant activity for state agencies for the year ended June 30, 1986. A supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in March, 1987.

CERTIFICATE

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Minnesota for its comprehensive annual financial report for the fiscal year ended June 30, 1985.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

OUTLOOK

"Economic uncertainty" continues to best describe the national and state economic outlook for F.Y. 1987 and beyond. The inability of states to predict the impact of the new federal tax law contributes to this uncertainty. Minnesota's four major tax sources are forecasted to grow in the 1988-1989 biennium at approximately 9% over the current biennium. In order to keep the expenditure budget within the budgeted resources, the state plans to focus its expenditures on key services. The state will use contingency planning in helping to deal with future budget uncertainty. The budget reserve and enhanced budget reduction authority are key components of such a plan. Fiscal stability remains a central goal of the current administration.

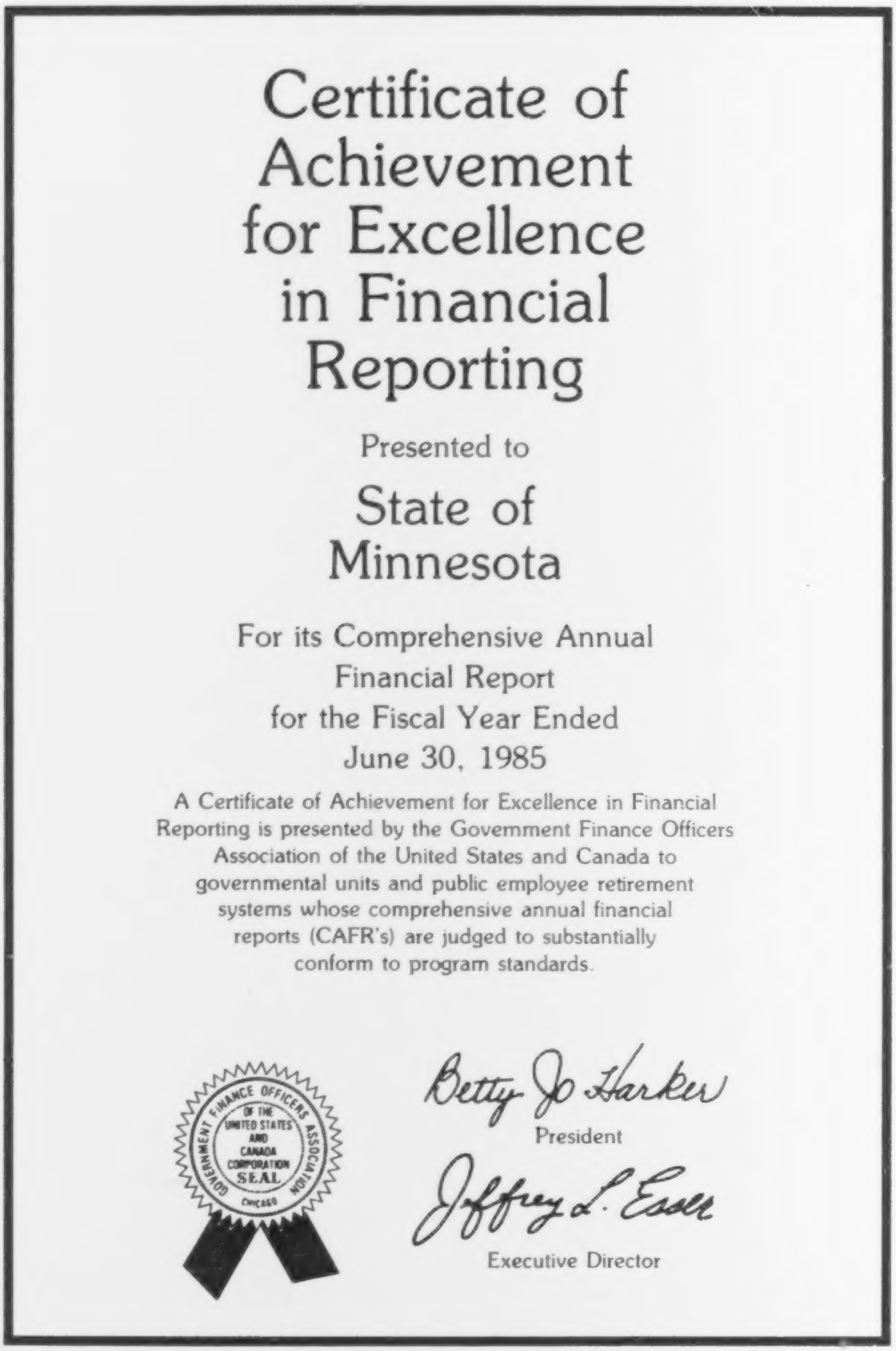
ACKNOWLEDGEMENTS

Although the Department of Finance accepts final responsibility for this report, much of the data was provided by staff in many other state agencies. Assistance from these agencies ranged from providing necessary data to actual preparation of financial statements for their agencies' funds. I want to express my appreciation for the dedication of the many people in the Department of Finance who helped in the preparation of this report as well as for the many people in other agencies without whose efforts this report, with its unqualified audit opinion, would not be possible.

Sincerely,

Jay Kiedrowski

Jay Kiedrowski
Commissioner



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1985

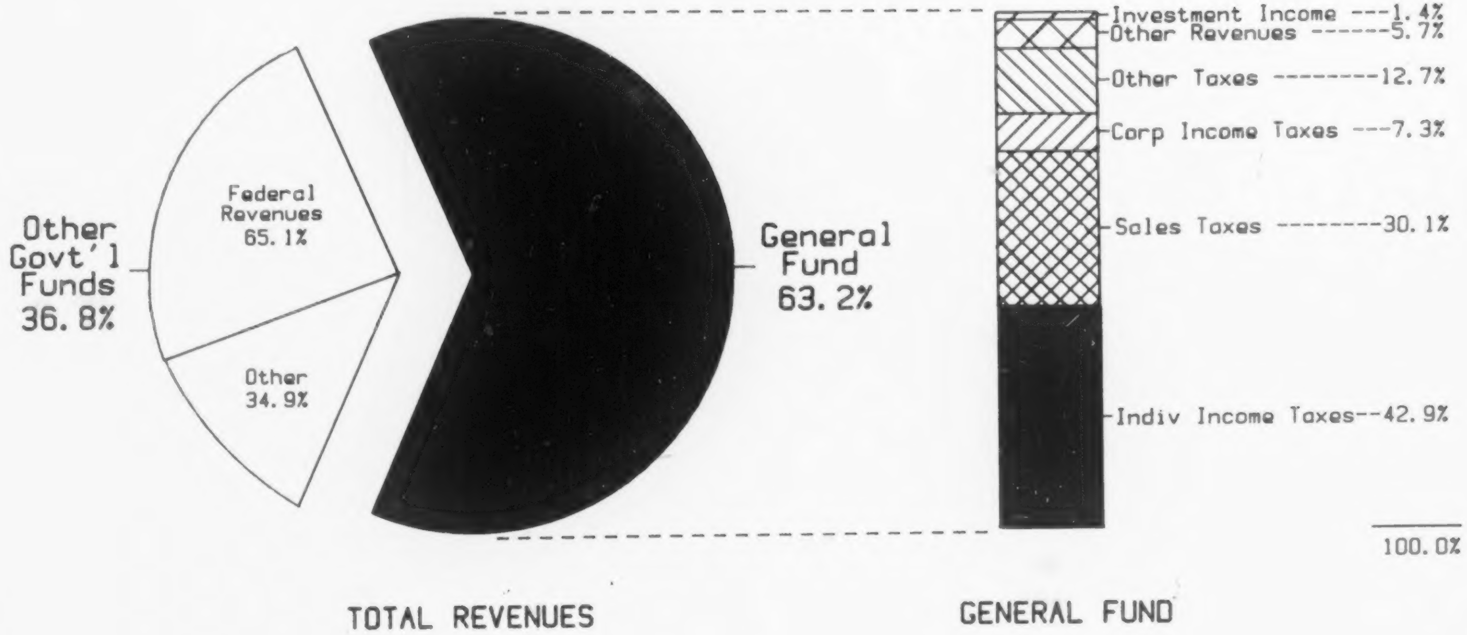
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

Betty Jo Harker
President

Jeffrey L. Esser
Executive Director

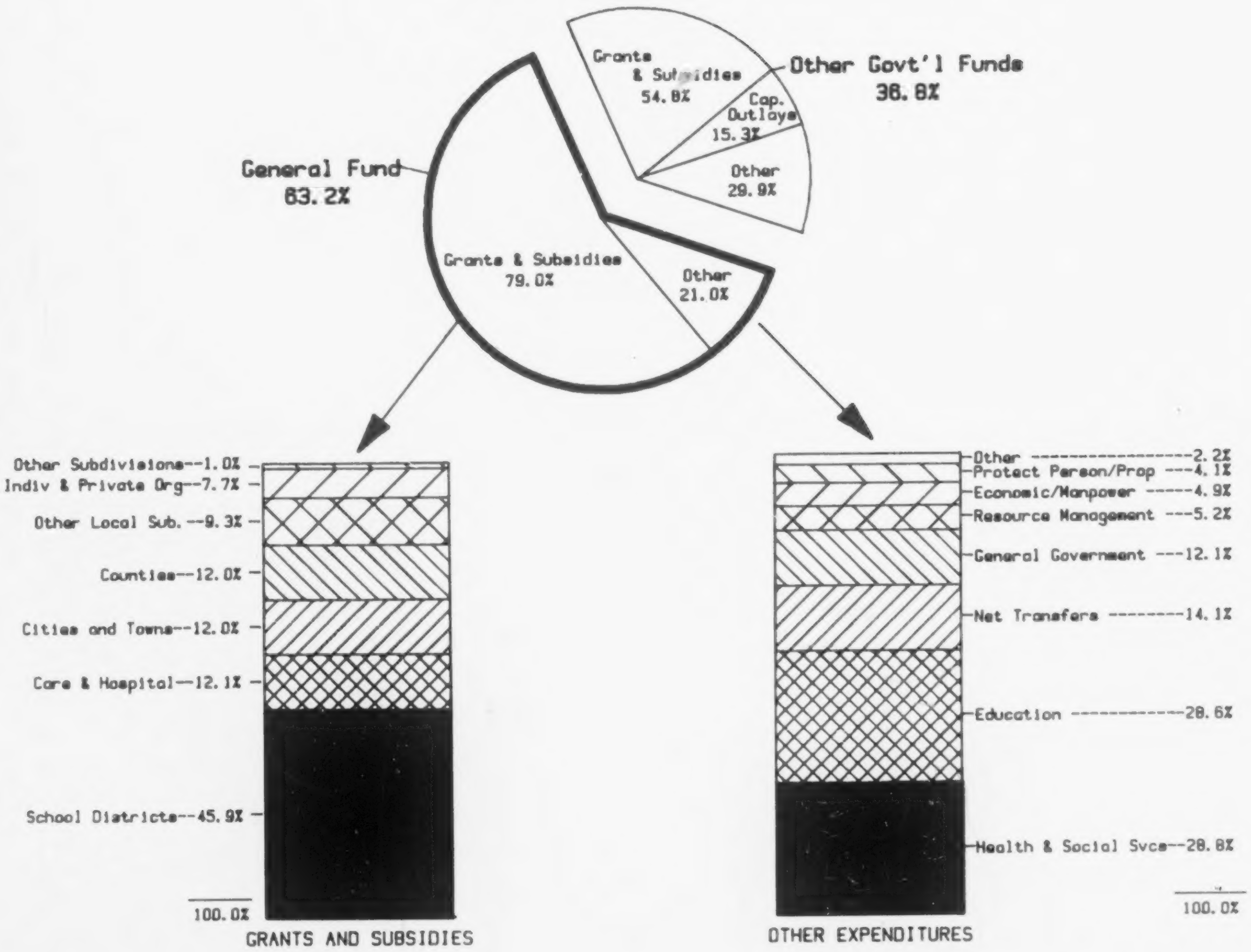
The State of Minnesota was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its Annual Financial Report for the year ended June 30, 1985. Only five states, Minnesota, Illinois, Maryland, Tennessee, and Utah, currently hold a valid Certificate of Achievement.

STATE OF MINNESOTA
GOVERNMENTAL FUND REVENUES
FISCAL YEAR 1986



STATE OF MINNESOTA
GOVERNMENTAL FUND EXPENDITURES
FISCAL YEAR 1986

TOTAL EXPENDITURES



STATE OF MINNESOTA
PRINCIPAL OFFICIALS

EXECUTIVE BRANCH

GOVERNOR: Rudy Perpich

LIEUTENANT GOVERNOR: Marlene Johnson

ATTORNEY GENERAL: Hubert H. Humphrey, III

STATE TREASURER: Robert W. Mattson, Jr.

SECRETARY OF STATE: Joan Anderson Growe

STATE AUDITOR: Arne H. Carlson

LEGISLATIVE BRANCH

HOUSE OF REPRESENTATIVES

SPEAKER OF THE HOUSE: David M. Jennings

SENATE

PRESIDENT OF THE SENATE: Jerome M. Hughes

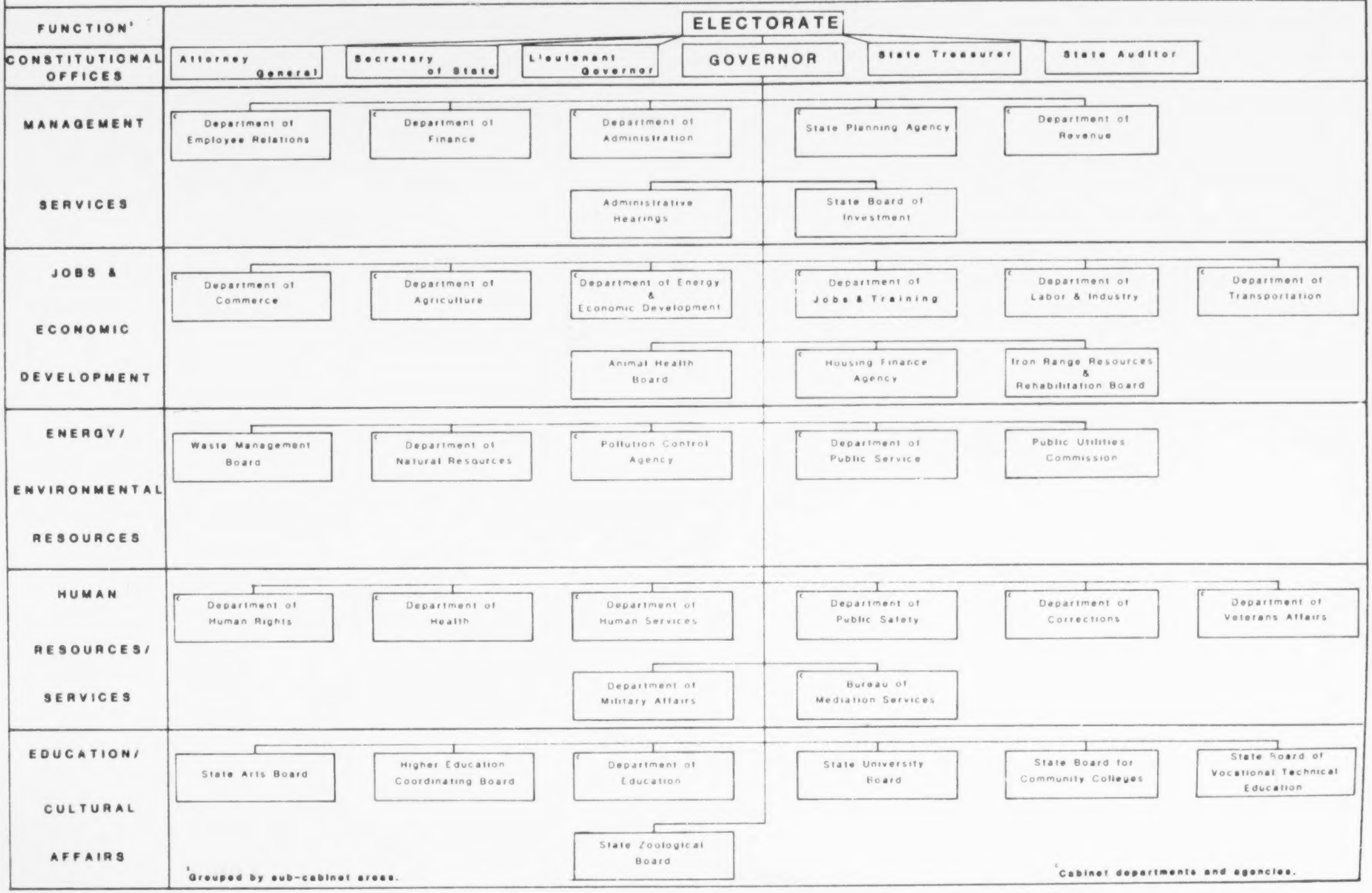
JUDICIAL BRANCH

SUPREME COURT

CHIEF JUSTICE: Douglas K. Amdahl

ORGANIZATION CHART of the EXECUTIVE BRANCH
STATE OF MINNESOTA

Department of Administration
December, 1988


FUNCTION[1]
ELECTORATE
CONSTITUTIONAL OFFICES
Attorney General
Secretary of State
Lieutenant Governor
GOVERNOR
State Treasurer
State Auditor
MANAGEMENT SERVICES
Department of Employee Relations[c]
Department of Finance[c]
Department of Administration[c]
State Planning Agency[c]
Department of Revenue[c]
Administrative Hearings
State Board of Investment
JOBS & ECONOMIC DEVELOPMENT
Department of Commerce[c]
Department of Agriculture[c]
Department of Energy & Economic Development[c]
Department of Jobs & Training[c]
Department of Labor & Industry[c]
Department of Transportation[c]
Animal Health Board
Housing Finance Agency[c]
Iron Range Resources & Rehabilitation Board
ENERGY/ ENVIRONMENTAL RESOURCES
Waste Management Board
Department of Natural Resources[c]
Pollution Control Agency[c]
Department of Public Service[c]
Public Utilities Commission
HUMAN RESOURCES/ SERVICES
Department of Human Rights[c]
Department of Health[c]
Department of Human Services[c]
Department of Public Safety[c]
Department of Corrections[c]
Department of Veterans Affairs[c]
Department of Military Affairs
Bureau of Mediation Services[c]
EDUCATION/ CULTURAL AFFAIRS
State Arts Board
Higher Education Coordinating Board
Department of Education[c]
State University Board
State Board for Community Colleges
State Board of Vocational Technical Education
State Zoological Board

[1] Grouped by sub-cabinet areas.

[c] Cabinet departments and agencies.

This page intentionally left blank.

FINANCIAL SECTION

General Purpose Financial Statements

STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Members of the Legislature

The Honorable Rudy Perpich, Governor

Jay Kiedrowski, Commissioner, Department of Finance

We have examined the general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1986, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the State of Minnesota at June 30, 1986, and the results of its operations and changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and reporting changes, with which we concur, as explained in Note 23.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Minnesota. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

James R. Nobles
Legislative Auditor

John Asmussen, CPA
Deputy Legislative Auditor

November 17, 1986

STATE OF MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1986
(IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
ASSETS AND OTHER DEBITS				
Cash	$536,232	$150,321	$ 33,739	$ 442
Investments	-	222,524	95,069	194,338
Accounts Receivable	47,154	30,481	-	-
Due from Other Funds	21,703	28,151	-	10,884
Accrued Income	8,695	4,035	1,938	6,949
Federal Aid Receivable	-	177,950	367	-
Inventories	-	21,042	-	-
Deferred Costs	194	688	1,800	-
Restricted Assets	-	-	-	-
Loans/Notes/Financing Leases Receivable	18,702	39,959	18,450	-
Advances to Other Funds	4,352	160	-	-
Equity in Investment Trust Funds	-	-	-	-
Fixed Assets (Net)	-	-	-	-
Other Assets	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided from General Fund	-	-	-	-
Amount to be Provided from Special Revenue Funds	-	-	-	-
Total Assets and Amounts to be Provided	$637,032	$675,311	$151,363	$212,613
LIABILITIES AND EQUITY				
Liabilities:				
Warrants Payable	$ -	$ -	$ -	$ -
Accounts Payable	215,393	283,756	20,562	447
Accrued Interest Payable	-	-	-	-
Payable to Other Funds	54,621	29,867	12,982	-
Payable to Other Governmental Units	-	9,545	-	-
Deferred Revenue	33,424	7,830	-	-
Payable from Restricted Assets	-	-	-	-
Loans/Notes Payable	-	-	-	-
Installment Purchases Payable	-	-	-	-
Claims and Judgments Payable	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	-
Grants and Subsidies Payable	-	-	-	-
Compensated Absences Payable	-	-	-	-
Advances from Other Funds	-	1,790	-	-
Capital Leases Payable	-	-	-	-
Funds Held in Trust	-	-	-	1,611
Pension Liabilities	-	-	-	-
Total Liabilities	$303,438	$332,788	$ 33,544	$ 2,058
Equity:				
Contributed Capital	$ -	$ -	$ -	$ -
Investment in General Fixed Assets	-	-	-	-
Retained Earnings:				
Reserved Per Debt Requirements	-	-	-	-
Reserved Per State Law	-	-	-	-
Unreserved Retained Earnings	-	-	-	-
Fund Balances:				
Reserved for Encumbrances	50,518	42,586	-	-
Reserved for Inventory	-	21,042	-	-
Reserved for Long-Term Receivables	25,473	40,571	16,188	-
Reserved for Long-Term Commitments	-	118,219	87,465	-
Reserved for Local Governments	-	-	-	-
Reserved for Endowment Principal	-	-	-	-
Reserved for Debt Requirements	-	-	-	210,555
Reserved for Employee Benefits	-	-	-	-
Reserved for Other	194	26,448	1,800	-
Unreserved Fund Balances:				
Designated for Appropriation Carryover	78,612	23,003	12,366	-
Designated for Fund Purposes	-	63,562	-	-
Undesignated	178,797	7,092	-	-
Total Equity	$333,594	$342,523	$117,819	$210,555
Total Liabilities and Equity	$637,032	$675,311	$151,363	$212,613

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1986
(IN THOUSANDS)

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMO-RANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATION	
$ 7,945	$ 5,199	$ 166,336	$ -	$ -	$ 900,214
795,147	15,074	8,619,936	-	-	9,942,088
6,778	6,043	52,941	-	-	143,397
-	-	115,551	-	-	176,289
30,357	421	72,958	-	-	125,353
-	-	174	-	-	178,491
10,074	889	-	-	-	32,005
32,434	587	185	-	-	35,888
415,525	-	-	-	-	415,525
1,558,115	241	9,868	-	-	1,645,335
10	-	-	-	-	4,522
-	-	3,267,644	-	-	3,267,644
75,324	16,897	16,093	1,231,826	-	1,340,140
29	26	16	-	-	71
-	-	-	-	95,755	95,755
-	-	-	-	1,283,603	1,283,603
-	-	-	-	153,530	153,530
$2,931,738	$45,377	$12,321,702	$1,231,826	$1,532,888	$19,739,850
$ -	$ -	$ 129,129	$ -	$ -	$ 129,129
7,671	3,860	64,972	-	-	596,661
557	99	3,729	-	-	4,385
-	1,891	76,928	-	-	176,289
-	-	15,675	-	-	25,220
14,190	93	1,568	-	-	57,105
153,447	-	-	-	-	153,447
-	-	13,840	-	3,048	16,888
-	175	-	-	-	175
-	-	-	-	20,162	20,162
13,019	-	-	-	1,202,536	1,215,555
2,091,081	26,720	-	-	-	2,117,801
-	-	-	-	214,416	214,416
1,677	1,277	470	-	86,281	89,705
346	2,250	156	-	-	4,522
36	2,340	-	-	2,283	4,659
105,541	-	4,363,634	-	-	4,470,786
-	-	-	-	4,162	4,162
$2,387,565	$38,685	$ 4,670,101	$ -	$1,532,888	$ 9,301,067
$ 68,828	$ 7,499	$ -	$ -	$ -	$ 76,327
-	-	-	1,231,826	-	1,231,826
108,613	-	-	-	-	108,613
115,762	-	-	-	-	115,762
250,970	(807)	-	-	-	250,163
-	-	738	-	-	93,842
-	-	-	-	-	21,042
-	-	33,694	-	-	115,926
-	-	-	-	-	205,684
-	-	271,837	-	-	271,837
-	-	350,546	-	-	350,546
-	-	-	-	-	210,555
-	-	6,944,717	-	-	6,944,717
-	-	5,474	-	-	33,916
-	-	-	-	-	113,981
-	-	54,925	-	-	118,487
-	-	(10,330)	-	-	175,559
$ 544,173	$ 6,692	$ 7,651,601	$1,231,826	$ -	$10,438,783
$2,931,738	$45,377	$12,321,702	$1,231,826	$1,532,888	$19,739,850

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	EXPENDABLE TRUST	
Revenues:						
Individual Income Taxes	$2,488,268	$ -	$ -	$ -	$ -	$2,488,268
Corporate Income Taxes	401,271	1,850	-	-	-	403,121
Sales Taxes	1,374,652	-	-	-	-	1,374,652
Other Taxes	595,323	708,688	-	-	482,703	1,786,714
Federal Revenues	5,701	1,718,362	1,117	223	7,887	1,733,290
Care and Hospitalization	93,663	4,605	-	-	-	98,268
Tuition and Student Fees	90,714	18	-	-	-	90,732
Investment Income	62,405	24,615	11,851	19,147	24,630	142,648
Other Revenues	69,651	172,562	98	46	80,340	322,697
Gross Revenues	$5,181,648	$2,630,700	$ 13,066	$ 19,416	$595,560	$8,440,390
Less Revenue Refunds	659,191	24,553	-	-	35	683,779
Net Revenues	$4,522,457	$2,606,147	$ 13,066	$ 19,416	$595,525	$7,756,611
Expenditures:						
Current:						
Protection of Persons/Property	$ 40,325	$ 62,693	$ 21	$ -	$ 28	$ 103,067
Transportation	786	222,764	5	-	1,994	225,549
Resource Management	51,654	63,697	2,772	-	214	118,337
Economic/Manpower Development	48,620	102,348	8	-	2,397	153,373
Education	283,669	21,907	4,603	-	2,033	312,212
Health and Social Services	285,472	63,520	-	-	363	349,355
General Government	120,332	22,434	9,881	-	74,502	227,149
Total Current Expenditures	$ 830,858	$ 559,363	$ 17,290	$ -	$ 81,531	$1,489,042
Capital Outlay	15,542	369,308	50,428	-	-	435,278
Debt Service	5,715	-	-	160,219	5,048	170,982
Grants and Subsidies	3,720,202	1,418,314	86,662	-	583,559	5,808,737
Total Expenditures	$4,572,317	$2,346,985	$ 154,380	$ 160,219	$670,138	$7,904,039
Excess of Revenues Over (Under) Expenditures	$ (49,860)	$ 259,162	$(141,314)	$(140,803)	$(74,613)	$ (147,428)
Other Financing Sources (Uses):						
General Obligation Bonds	$ -	$ 1,250	$ 148,750	$ -	$ -	$ 150,000
Proceeds of Refunding Bonds	-	-	-	51,532	-	51,532
Operating Transfers-In	4,289	350,255	50	150,506	237,958	743,058
Operating Transfers to Debt Service	(120,542)	(19,110)	(10,854)	-	-	(150,506)
Other Operating Transfers-Out	(26,590)	(547,369)	(50)	-	(1,350)	(575,359)
Payment to Refunded Bond Escrow Agent	-	-	-	(57,254)	-	(57,254)
Capital Leases	854	116	-	-	-	970
Other Uses	-	(5,834)	-	-	-	(5,834)
Net Other Financing Sources (Uses)	$ (141,989)	$ (220,692)	$ 137,896	$ 144,784	$236,608	$ 156,607
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (191,849)	$ 38,470	$ (3,418)	$ 3,981	$161,995	$ 9,179
Fund Balances, July 1, 1985, as Reported	$ 522,114	$ 299,883	$ 127,999	$ 204,842	$197,672	$1,352,510
Prior Period Adjustments	-	2,244	(2,244)	-	-	-
Changes in Reporting Entity	(20)	(314)	-	-	(241)	(575)
Fund Balances, July 1, 1985, as Restated	$ 522,094	$ 301,813	$ 125,755	$ 204,842	$197,431	$1,351,935
Residual Equity Transfers-In	6,061	1,173	-	1,732	-	8,966
Residual Equity Transfers-Out	(2,712)	(5,037)	(4,518)	-	-	(12,267)
Change in Inventory	-	6,104	-	-	-	6,104
Fund Balances, June 30, 1986	$ 333,594	$ 342,523	$ 117,819	$ 210,555	$359,426	$1,363,917

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND AND APPROPRIATED SPECIAL REVENUE FUNDS
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Individual Income Taxes	$2,519,017	$2,496,547	$ (22,470)	$ -	$ -	$ -
Corporate Income Taxes	417,500	402,129	(15,371)	3,783	1,850	(1,933)
Sales Taxes	1,370,900	1,371,544	644	-	-	-
Motor Vehicle License Taxes	-	-	-	231,930	239,144	7,214
Fuel Taxes	-	-	-	350,424	342,466	(7,958)
Other Taxes	573,404	590,570	17,166	50,474	39,657	(10,817)
Federal Revenues	18,513	19,171	658	265,930	220,764	(45,166)
Other Intergovernmental Revenues	68,226	59,125	(9,101)	-	-	-
License Fees	15,186	17,187	2,001	35,144	34,293	(851)
Care and Hospitalization	143,332	144,467	1,135	4,070	4,605	535
Tuition and Student Fees	91,188	91,549	361	-	-	-
Investment Income	48,476	62,398	13,922	14,373	15,725	1,352
Other Revenues	62,801	71,646	8,845	43,958	63,505	19,547
Gross Revenues	$5,328,543	$5,326,333	$ (2,210)	$1,000,086	$ 962,009	$(38,077)
Less Revenue Refunds	762,523	656,752	105,771	20,607	23,556	(2,949)
Net Revenues	$4,566,020	$4,669,581	$ 103,561	$ 979,479	$ 938,453	$(41,026)
Expenditures:						
Current:						
Protection of Persons/Property	$ 39,361	$ 39,338	$ 23	$ 59,117	$ 55,900	$ 3,217
Transportation	658	648	10	229,115	232,041	(2,926)
Resource Management	58,153	51,276	6,877	72,094	41,689	30,405
Economic/Manpower Development	64,068	51,738	12,330	2,083	1,308	775
Education	291,827	285,052	6,775	90	73	17
Health and Social Services	332,906	303,892	29,014	14,590	14,460	130
General Government	130,343	126,931	3,412	7,144	7,014	130
Total Current Expenditures	$ 917,316	$ 858,875	$ 58,441	$ 384,233	$ 352,485	$ 31,748
Capital Outlay	18,406	17,425	981	375,678	334,464	41,214
Grants and Subsidies	3,829,105	3,842,564	(13,459)	21,260	20,549	711
Total Expenditures	$4,764,827	$4,718,864	$ 45,963	$ 781,171	$ 707,498	$ 73,673
Excess of Revenues Over (Under) Expenditures	$ (198,807)	$ (49,283)	$ 149,524	$ 198,308	$ 230,955	$ 32,647
Other Sources (Uses):						
Operating Transfers-In	$ 18,164	$ 22,259	$ 4,095	$ 337,422	$ 337,030	$ (392)
Operating Transfers to Debt Service	(133,472)	(120,547)	12,925	(17,153)	(17,172)	(19)
Other Operating Transfers-Out	(35,322)	(35,309)	13	(550,668)	(545,707)	4,961
Net Other Sources (Uses)	$ (150,630)	$ (133,597)	$ 17,033	$ (230,399)	$(225,849)	$ 4,550
Excess of Revenues Over (Under) Expenditures and Net Other Sources (Uses)	$ (349,437)	$ (182,880)	$ 166,557	$ (32,091)	$ 5,106	$ 37,197
Fund Balances, July 1, 1985	538,544	538,544	-	79,214	77,046	(2,168)
Prior Year Adjustments	16,259	14,558	(1,701)	395	560	165
Fund Balances, June 30, 1986	$ 205,366	$ 370,222	$ 164,856	$ 47,518	$ 82,712	$ 35,194
Less Appropriation Carryover	-	103,471	(103,471)	18,855	39,011	(20,156)
Undesignated Fund Balances, June 30, 1986	$ 205,366	$ 266,751	$ 61,385	$ 28,663	$ 43,701	$ 15,038

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES/FUNDS HELD IN TRUST
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMO-RANDUM ONLY)
				NONEXPENDABLE TRUST FUND	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	PERMANENT SCHOOL	
Operating Revenues:					
Net Sales	$ 20,245	$11,760	$ -	$ 3,872	$ 35,877
Contributions	-	-	452,643	-	452,643
Interest Income	122,815	-	-	-	122,815
Investment Income	51,434	-	852,770	32,138	936,342
Rental and Service Fees	41,443	34,813	-	-	76,256
Distributed Investment Trust Fund Income	-	-	318,284	-	318,284
Realized and Unrealized Gains	-	-	484,151	8,430	492,581
Other Income	525	418	5,422	-	6,365
Total Operating Revenues	$236,462	$46,991	$ 2,113,270	$ 44,440	$ 2,441,163
Less Cost of Goods Sold	13,152	5,049	-	-	18,201
Gross Margin	$223,310	$41,942	$ 2,113,270	$ 44,440	$ 2,422,962
Operating Expenses:					
Annuity Payments	$ -	$ -	$ 276,631	$ -	$ 276,631
Refunded Contributions	-	-	28,659	-	28,659
Interest and Financing Costs	168,935	3,060	-	-	171,995
Purchased Services	28,506	16,359	1,739	-	46,604
Investment Management Fees	-	-	7,509	-	7,509
Salaries and Fringe Benefits	25,000	14,823	4,611	-	44,434
Depreciation	4,286	3,407	245	-	7,938
Amortization	213	1,913	-	-	2,126
Supplies and Materials	3,401	2,024	89	-	5,514
Indirect Costs	573	1,746	97	-	2,416
Other Expenses	4,072	155	228	-	4,455
Total Operating Expenses	$234,986	$43,487	$ 319,808	$ -	$ 598,281
Operating Income	$(11,676)	$(1,545)	$ 1,793,462	$ 44,440	$ 1,824,681
Nonoperating Revenues (Expenses):					
Investment Income	$ 38,045	$ 1,606	$ -	$ -	$ 39,651
Participant Contributions	-	-	499,169	-	499,169
Federal Grants & Subsidies	58,242	-	-	-	58,242
Other Nonoperating Revenues	1,279	57	-	-	1,336
Participant Withdrawals	-	-	(279,271)	-	(279,271)
Grants, Aids and Subsidies	(57,948)	-	-	-	(57,948)
Other Nonoperating Expenses	(2,087)	-	-	-	(2,087)
Gain (Loss) on Sale of Fixed Assets	5,926	31	-	-	5,957
Gain (Loss) on Revenue Bond Refunding	7,991	-	-	-	7,991
Net Nonoperating Revenues	$ 51,448	$ 1,694	$ 219,898	$ -	$ 273,040
Income (Loss) Before Operating Transfers	$ 39,772	$ 149	$ 2,013,360	$ 44,440	$ 2,097,721
Operating Transfers-In	19,939	-	5,783	-	25,722
Operating Transfers-Out	(7,252)	(1,891)	(922)	(32,850)	(42,915)
Net Income	$ 52,459	$(1,742)	$ 2,018,221	$ 11,590	$ 2,080,528
Depreciation on Fixed Assets Acquired with Contributed Capital	366	1	-	-	367
Increase (Decrease) in Retained Earnings/Fund Balances/Funds Held in Trust	$ 52,825	$(1,741)	$ 2,018,221	$ 11,590	$ 2,080,895
Retained Earnings/Fund Balances/Funds Held in Trust, July 1, 1985, as Reported	$420,233	$ 934	$ 9,266,816	$338,956	$10,026,939
Prior Period Adjustments	-	-	-	-	-
Changes in Reporting Entity	2,398	-	6,058	-	8,456
Retained Earnings/Fund Balances/Funds Held in Trust, July 1, 1985, as Restated	$422,631	$ 934	$ 9,272,874	$338,956	$10,035,395
Residual Equity Transfers-Out	(111)	-	-	-	(111)
Retained Earnings/Fund Balances/Funds Held in Trust, June 30, 1986	$475,345	$ (807)	$11,291,095	$350,546	$12,116,179

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMO- RANDUM ONLY)
				NONEXPENDABLE TRUST FUND	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	PERMANENT SCHOOL	
Cash Provided:					
From Operations:					
Net Income (Loss)	$ 52,459	$(1,742)	$ 2,018,221	$ 11,590	$ 2,080,528
Items Added to (Deducted from) Net Income:					
Decrease (Increase) in Current Assets:					
Accounts Receivable	$ (863)	$(1,578)	$ 24,290	$ 1,278	$ 23,127
Due from Other Funds	-	-	(36,843)	20	(36,823)
Accrued Income	6,609	(421)	(5,837)	454	805
Inventories	(157)	(51)	-	-	(208)
Other Current Assets	3,738	(607)	3,149	-	6,280
Increase (Decrease) in Current Liabilities:					
Accounts Payable	4,211	(543)	(1,257)	4	2,415
Accrued Interest Payable	4,963	99	-	-	5,062
Payable to Other Funds	-	1,891	33,673	3,397	38,961
Deferred Revenue	4,439	82	(150)	(26)	4,345
Other Current Liabilities	124	3,234	(91)	-	3,267
Depreciation	4,286	3,539	245	-	8,070
Amortization	213	1,913	-	-	2,126
Losses (Gains) on Fixed Asset Sales	(5,926)	(31)	-	-	(5,957)
Changes in Other Assets/Liabilities	7,137	1	-	-	7,138
Total Items Added (Deducted)	$ 28,774	$ 7,528	$ 17,179	$ 5,127	$ 58,608
Total Cash Provided from Operations	$ 81,233	$ 5,786	$ 2,035,400	$ 16,717	$ 2,139,136
Other Cash Provided:					
Proceeds from Sale of Bonds	$ 175,118	$31,395	$ -	$ -	$ 206,513
Reduction of Loans and Financing Leases Receivable	125,555	-	-	-	125,555
Increase in Capital Leases Payable	21	5	-	-	26
Increase in Installment Purchases Payable	-	163	-	-	163
Capital Contributions	3,170	2,673	-	-	5,843
Proceeds from Sales of Fixed Assets	118	888	-	-	1,006
Other Sources	10,865	476	-	-	11,341
Total Other Cash Provided	$ 314,847	$35,600	$ -	$ -	$ 350,447
Total Cash Provided	$ 396,080	$41,386	$ 2,035,400	$ 16,717	$ 2,489,583
Cash Applied:					
Loans Issued	$ 210,454	$ -	$ -	$ -	$ 210,454
Investments in Fixed Assets/Financing Leases	3,960	5,259	31	-	9,250
Deferred Costs	2,207	-	-	-	2,207
Reduction of Indebtedness	79,691	9,207	-	-	88,898
Reduction of Capital Leases Payable	7	5,345	-	-	5,352
Reduction of Installment Purchases Payable	-	3,399	-	-	3,399
Other	354	60	-	-	414
Total Cash Applied	$ 296,673	$23,270	$ 31	$ -	$ 319,974
Net Increase in Cash and Investments	$ 99,407	$18,116	$ 2,035,369	$ 16,717	$ 2,169,609
Cash and Investments, July 1, 1985, as Reported	$1,118,245	$ 2,157	$ 9,144,032	$331,579	$10,596,013
Changes in Reporting Entity	733	-	6,058	-	6,791
Cash and Investments, July 1, 1985, as Restated	$1,118,978	$ 2,157	$ 9,150,090	$331,579	$10,602,804
Cash and Investments, June 30, 1986	$1,218,385	$20,273	$11,185,459	$348,296	$12,772,413

The notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1986

These notes provide disclosures relevant to the combined financial statements on the preceding pages.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation

The reporting policies of the state of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity of the State of Minnesota

This report includes the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the Minnesota Legislature and/or its constitutional officers. The criteria used to determine the state's reporting entity were degrees of financial interdependence, fiscal accountability, administrative control, and scope of public service. All governmental units not meeting those criteria, and therefore considered to be autonomous from the state, have been excluded from this report.

Although partially supported by state appropriations, the University of Minnesota has not been included in the reporting entity. The high degree of autonomy of the University was of primary importance in deciding upon its exclusion. This autonomy is attributed to the independence of its governing board, the Board of Regents, which controls the administration and operation of the University. The Board of Regents' authority for overall budget approval and responsibility for funding of deficits or use of surpluses were also significant in determining the University's exclusion. The University is the only significant exclusion from the state's reporting entity.

However, the state universities and community colleges are an integral part of the state's operations. Their primary operations are accounted for on the Statewide Accounting System and they are subject to the same controls as all other state agencies. The results of operations and the financial position for the colleges and universities therefore do not appear as discrete presentations (component units) in these financial statements but are reported along with the activities of all state agencies in the appropriate funds or fund types.

The organizations below, which are included in this report, also prepare and publish their own financial reports which may contain differences in presentation resulting from differing reporting emphasis:

Minnesota Housing Finance Agency
Higher Education Facilities Authority
State University Board (revenue fund)
Higher Education Coordinating Board (student loan fund)
Minnesota Energy and Economic Development Authority
Public Employees Retirement Association
Teachers Retirement Association
Minnesota State Retirement System
State Board of Investment (investment trust funds)

Copies of their reports may be obtained directly from the organizations.

Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion. The funds presented are classified according to GAAP as follows.

Governmental Funds

These funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category, which is comprised of the general, special revenue, capital projects and debt service generic fund types described below:

General Fund - Accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Funds - Account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds).

Debt Service Fund - Accounts for the accumulation of resources for, and the payment of, most general long-term obligation principal and interest.

Proprietary Funds

These funds account for all assets, liabilities and equities, and match revenues and expenses to determine net income and capital maintenance. The generic fund types included in the proprietary fund category are listed as follows.

Enterprise Funds - Account for operations (1) that are financed and operated in a manner similar to private business enterprises and where the intent of the state is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the state has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Account for the financing of goods or services provided by one state agency to other state agencies on a cost-reimbursement basis.

Fiduciary Funds

These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Depending on their nature, fiduciary funds are classified for accounting measurement purposes like governmental (expendable trust funds) or proprietary funds (pension trust and nonexpendable trust funds). Agency funds are custodial in nature; thus they do not measure results of operations. Descriptions of the generic fund types included in the fiduciary fund category are as follows:

Pension Trust Funds - Account for funds administered by independent boards and for which the state performs a fiduciary role. These funds have been categorized by function into the following three types:

- Defined Benefit Pension Funds include those retirement funds for which the participant's retirement annuity is based upon a statutory formula utilizing such factors as age, average salary, length of service and others.
- Defined Contribution Funds include those retirement funds for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service may provide minimum eligibility qualifications.
- Investment Trust Funds are a group of investment funds which serve as investment vehicles for the participating funds. They are administered by the State Board of Investment in accordance with the applicable statutes defining the participating funds, the types of investments which may be purchased and the distribution of earnings or losses.

Nonexpendable Trust Funds - Account for funds whose principal may not be expended.

Expendable Trust Funds - Account for funds whose resources, including principal and earnings, may be expended.

Agency Funds - Account for funds which hold monies in an agency capacity for various governmental units, individuals or funds.

Account Groups

General Fixed Assets Account Group - Fixed assets acquired or constructed for use by the state in the conduct of its activities, other than those accounted for in proprietary and fiduciary fund types are accounted for in the General Fixed Assets Account Group.

General Long-Term Obligation Account Group - Accounts for unmatured principal of bonds, loans, or other forms of long-term indebtedness except those accounted for in the proprietary and fiduciary funds.

Basis of Accounting

All proprietary, pension trust and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized as they are incurred. All governmental, expendable trust and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles.

Revenues: individual income, sales and unemployment compensation taxes and federal grants are the major revenue sources susceptible to accrual. Tax revenues are recognized in the period they become both measurable and available to finance expenditures of the current period. Measurable means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. Available means collectible by the September close of the books. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenues, to which the state does not yet have legal entitlement, are reported as deferred revenue until the related commitment arises, at which time revenue is recognized.

Expenditures and Related Liabilities: expenditures and payables are recognized when obligations are incurred as a result of the receipt of goods and services. Grant expenditures are discussed separately.

Encumbrance Accounting: Encumbrance accounting is used for budgetary control purposes only. In the financial statements encumbrances are recorded only in the balance sheet as a reservation of fund balance for subsequent year expenditures, except for those long-term commitments which rely significantly on future resources as discussed in Note 13.

Grants and Subsidies Expenditures and Liabilities Recognition

Grants and subsidies are contributions of cash or other assets by the state to other governmental units, individuals or to nongovernmental organizations. The GAAP requirement that expenditures and liabilities be recognized at the point goods and services are received is not relevant for grants because the state does not receive a direct service for grant payments. It is therefore necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are normally paid on an entitlement or reimbursement basis. Reimbursements can be for specific services provided to specific eligible recipients or such reimbursements can be for eligible types of expenditures. Grants paid on a reimbursement basis are recognized as expenditures and liabilities in the year in which the grantee incurs the costs of specific services to eligible recipients or makes eligible types of expenditures. Entitlement type grants may be based on services provided by the grantee which the grant is meant to help fund, but not based on the cost of providing the service. Expenditures and related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed is reasonably estimable soon after the end of the fiscal year. Other types of entitlement type grants are not based on services provided or actions taken by the grantee. Expenditures and related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

Compensated Absences

State employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective bargaining agreements. Such leave is liquidated in cash primarily only at the time of termination from state employment. For governmental funds, the liability for compensated absences is reported in the General Long-Term Obligation Account Group. All other fund types report this liability as a fund liability.

Investments

Investments are reported at market value for the Investment Trust and Defined Contribution Funds (fiduciary funds). All other funds report equity securities at cost and debt securities at amortized cost (see Note 2).

Inventories

Inventories maintained by the various funds are determined by annual and periodic physical counts. Special revenue funds' inventories are valued using the weighted-average cost and specific cost methods. Enterprise funds' inventories are valued using first-in first-out, average cost and specific cost methods. Internal service funds' inventories are valued using the first-in first-out method.

Property, Plant and Equipment

General Fixed Assets - General fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition. An inventory of land and buildings for general fixed assets was completed in 1985. Historical cost records for older fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used in these situations. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges and lighting systems are not capitalized. Depreciation is not provided on general fixed assets nor is interest during construction capitalized.

Proprietary and Fiduciary Fund Types - Fixed assets are stated at cost or, for donated assets, at fair market value at date of acquisition. Such assets are depreciated or amortized on a straight-line basis over the useful lives of the assets. Estimated useful lives are as follows:

Buildings	40-50 years
Improvements (large)	20-50 years
Improvements (small)	3-10 years
Equipment	3-12 years

General Long-Term Liabilities

All unmatured long-term indebtedness not reported in a proprietary or fiduciary fund is accounted for in the General Long-Term Obligation Account Group. Included among these liabilities are the noncurrent portions of liabilities resulting from debt issuances, compensated absences, claims, judgments, some unfunded pension liabilities (see Note 21) and others.

Budgeting and Budgetary Control

Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of the odd-numbered years. Appropriations in the biennial budget, however, are usually for a single year. The Governor's budget for the biennium is developed by the Department of Finance and presented to the legislature for approval. Specific appropriations are required for all expenditures from the General Fund and all Special Revenue Funds except the Federal, Maximum Effort School Loan, Special Workers Compensation, Iron Range Resources and Rehabilitation Board

(IRRRB) and Nonappropriated Miscellaneous Special Revenue Funds. Some General Fund appropriations are "open appropriations" for entitlement type programs. In these cases, whatever amount is needed to fulfill the entitlement for the fiscal year is made available; i.e., there is no limit on the amount which can be expended for the program. Estimates of the amount needed for such programs are included in the budget forecast.

All expenditures in these appropriated funds are made pursuant to the appropriations in the biennial budget, as amended by subsequent legislative appropriation actions. Budgetary control is essentially maintained at the departmental level except for certain grant and aid programs where control is at the program level. In most departments, upon notification of the Governor and legislative leadership, department heads are permitted to make budget revisions reflecting transfers between programs in their departments.

For most appropriations, unencumbered balances at fiscal year end cancel; for specified others, such balances may carry forward to the subsequent year. The budget and the Statewide Accounting System (SWAS) are maintained essentially on a cash basis with the exception that at year end, encumbered amounts are included in the expenditures of the year appropriated, for budgetary reporting. The SWAS controls expenditures by appropriation line item as established in the legally adopted appropriation bills. A separate report showing the detail of legal level of control and actual expenditures is available from the Department of Finance.

"Memorandum Only" Totals Column

The "Totals (Memorandum Only)" column represents the sum of the combining financial statements. Consolidated financial information is not presented.

2. CASH AND INVESTMENTS

Where Minnesota Statutes provide, an individual fund's cash is separately invested, usually through the State Board of Investment. All cash in the state treasury not invested by individual funds is pooled and invested as the State Treasurer's "Invested Treasurer's Cash" (ITC). The ITC is available to pay operating expenses and transfers and to relieve cash deficiencies in the General Fund to the extent allowable under Minnesota Statutes, Section 16A.671. All investment earnings of ITC except on balances in specific accounts, as provided in the statutes, are credited to the General Fund. Investment earnings credited to the General Fund from ITC in fiscal year 1986 were $62,404,808. The amount credited to other individual accounts from ITC totaled $2,943,307. A schedule of the cash balances available for investment in ITC at June 30, 1986 is presented below. Because some funds have cash outside of the state treasury, the cash balances listed below as available for ITC may differ from the cash balances indicated on the Combined Balance Sheet - All Fund Types and Account Groups.

Invested Treasurer's Cash
June 30, 1986

Fund Types	Cash Balance
General Fund	$ 535,504,743
Special Revenue Funds	145,458,969
Capital Projects Funds	33,731,028
Trust and Agency Funds	161,083,752
Proprietary Funds	7,638,250
Total Cash Balances	$ 883,416,742
Uninvested Cash	(41,790,500)
ITC Investments	$ 841,626,242

Nearly all funds value equity securities at cost and debt securities at amortized cost. The Investment Trust and Defined Contribution Funds (fiduciary funds) are exceptions, valuing investments at market. The cost and market values of investments of the Investment Trust Funds are $3,570,033,673 and $4,091,121,546 respectively. All investments of the Defined Contribution Funds are short-term and market value is the same as cost. The Defined Benefit Pension Funds'(fiduciary funds) investments, which have a market value of $4,571,468,331, are reported at a cost of $3,824,169,019. For all other funds, the cost of investments approximates market value.

Certain U.S. government and government agency securities are loaned out to banks and brokers to generate additional income of 0.5%. Collateral pledged in the amount of 102% of the market value of securities loaned is required. Securities loaned as of June 30, 1986 were as follows:

	Cost of Securities Loaned
Governmental Fund Type:	
Special Revenue Funds	$ 37,005,859
Capital Projects Funds	6,925,000
Debt Service Fund	24,152,742
Proprietary Fund Type:	
Enterprise Funds	10,041,864
Fiduciary Fund Type:	
Pension Trust Funds	344,093,457
Nonexpendable Trust Funds	17,310,261
Expendable Trust Funds	82,155,449
Invested Treasurer's Cash	47,917,108
Total	$ 569,601,740

3. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables, excluding advances to/from other funds, at June 30, 1986 are summarized as follows (in thousands):

	Payable Funds											
		Special Revenue Funds			Capital Project Funds		Internal Service	Fiduciary Funds				
Receivable Funds	General	Highway User Tax Dist.	Other Transportation	Other	Building	Transportation	Plant Mgt.	Permanent School	Public Employees Retirement	Minnesota Post Retirement	Other	Total Due From Other Funds
General Fund	$ -	$ 180	$6,642	$12,439	$ -	$ -	$1,804	$ -	$ -	$ -	$ 638	$ 21,703
Special Revenue Funds:												
Trunk Highway	$ -	$3,399	$ -	$ -	$ -	$2,244	$ 87	$ -	$ -	$ -	$ 115	$ 5,845
Other Transportation	11,717	202	-	-	-	-	-	-	-	-	-	11,919
Nonappropriated Misc. Special Revenue	710	1,246	-	-	-	-	-	2,539	-	-	31	4,526
Other Special Revenue	3,286	2,076	-	485	-	-	-	-	-	-	14	5,861
Total Special Revenue	$15,713	$6,923	$ -	$ 485	$ -	$2,244	$ 87	$ 2,539	$ -	$ -	$ 160	$ 28,151
Debt Service Fund	$ 81	$ -	$ -	$ 65	$10,738	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,884
Fiduciary Funds:												
Teachers Retirement	$27,885	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$40,772	$ 432	$ 69,089
Post Retirement	-	-	-	-	-	-	-	-	13,178	-	2,905	16,083
Endowment School	-	-	-	-	-	-	-	16,018	-	-	-	16,018
Agency Funds	7,950	-	-	-	-	-	-	-	-	-	2	7,952
Other Fiduciary Funds	2,992	2,133	-	1,000	-	-	-	-	54	33	197	6,409
Total Fiduciary Funds	$38,827	$2,133	$ -	1,000	$ -	$ -	$ -	$16,018	$ 13,232	$40,805	$ 3,536	$115,551
Total Payables	$54,621	$9,236	$6,642	$13,989	$10,738	$2,244	$1,891	$18,557	$ 13,232	$40,805	$ 4,334	$176,289

The General Fund has advances made to the Internal Service Funds, the Enterprise Activities Fund (an enterprise fund) and the Nonappropriated Miscellaneous Special Revenue Fund (a special revenue fund).

4. LOANS, NOTES AND FINANCING LEASES RECEIVABLE

Loans, notes, and financing leases receivable, net of allowances for possible loan losses, as of June 30, 1986, consisted of the following (in thousands):

	Fund Types					
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary
Minnesota Housing Finance Agency Loans	$ -	$ -	$ -	$1,272,472	$ -	$ -
Guaranteed Student Loans	-	-	-	150,524	-	-
Other Student Loans	-	-	-	39,520	-	-
Higher Education Facilities Authority Loans	-	-	-	31,412	-	-
Energy and Economic Development Loans	-	-	-	20,651	-	-
Maximum Effort School Loans	-	30,167	-	-	-	-
School Energy Loans	-	-	16,181	-	-	-
Family Farm Loans	12,825	-	-	-	-	-
N.E. Minnesota Economic Protection Loans	-	-	-	-	-	9,210
Notes Receivable	150	-	-	296	-	-
Mortgage Notes Receivable	-	-	-	-	-	658
Financing Leases Receivable	-	-	-	43,240	241	-
Other	5,727	9,792	2,269	-	-	-
Loans and Notes Receivable	$18,702	$39,959	$18,450	$1,558,115	$ 241	$ 9,868

5. EQUITY IN INVESTMENT TRUST FUNDS

Equity in Investment Trust Funds is the participation of the various Defined Benefit Pension and Defined Contribution Funds (fiduciary funds) in the Investment Trust Funds (also fiduciary funds). Consistent with fund accounting principles, the state records the aggregate Defined Benefit Pension and Defined Contribution Funds resources invested in the appropriate Investment Trust Funds, with the corresponding equity interest recorded in the respective Defined Benefit Pension and Defined Contribution Funds.

The total equity held by the Defined Benefit Pension and Defined Contribution Funds does not equal the net funds held in trust by the Investment Trust Funds. The differences are as follows (in thousands):

Total equity in investment trust funds	$3,267,644
Participation of locally administered funds	122,911
Unrealized appreciation on investments held	497,872
Undistributed earnings	237,632
Net funds held in trust	$4,126,059

6. FIXED ASSETS

A summary of changes in general fixed assets follows (in thousands):

	Balances, July 1, 1985	Additions	Deductions/ Net Transfers	Balances, June 30, 1986
Land	$ 164,733	$ 7,364	$ (761)	$ 172,858
Buildings	695,034	-	15,711	679,323
Equipment	261,196	37,130	11,964	286,362
Construction in Progress	51,532	61,724	19,973	93,283
Total	$ 1,172,495	$ 106,218	$46,887	$1,231,826

Deductions and net transfers of $15,711,000 in building costs includes the following: construction in progress of $19,973,000 completed in fiscal year 1986 and therefore transferred to buildings; transfers to enterprise funds of $31,318,000; and fiscal year 1986 deductions and adjustments totaling $4,366,000.

Deductions and net transfers of ($761,000) in land costs represent transfers to enterprise funds of $1,175,000; deductions of $620,000; and, other adjustments increasing the inventory value of the land by $2,556,000. Tax forfeited land is not included in land inventory because the state does not take permanent title; when the land is sold, proceeds are distributed to local jurisdictions.

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1986 consisted of equipment in the amount of $5,224,568.

In addition to the capital outlay expenditures of $98,162,000 for fixed assets incurred during fiscal year 1986 and included in the general fixed assets account group, expenditures totaling $337,116,000 were made from governmental funds for infrastructure fixed assets, and donations valued at $8,056,000 were received.

Scheduled below are the authorizations and commitments (in thousands) of the largest construction-in-progress projects as of June 30, 1986. Unexpended commitments are reserved in the fund balances for either encumbrances or long-term commitments.

Project	Authorization (Year Chapter)	Project Authorization	Expended Through June 30, 1986	Unexpended Commitment June 30, 1986	Available Authorization
State Office Building	(1983 - 344)	$19,660	$19,335	$ 58	$ 267
Correctional Facility-Shakopee	(1983 - 344)	14,850	13,406	939	505
Iron Range Interpretative Center (Ironworld)	Mn.Stat. 298.22	9,777	8,822	805	150
Minneapolis Community College Phase IV	(1984 - 597)	7,800	5,351	-	2,449
Giants Ridge Ski Resort	Mn.Stat. 298.22	6,584	5,395	443	746
Winona State University Somsen Hall	(1984 - 597)	6,383	324	85	5,974
Mankato State University Classroom	(1984 - 597)	5,400	227	3,689	1,484
State Historical Center	(1985 SS015)	5,796	3,044	863	1,889

Proprietary and fiduciary fund type fixed assets consisted of the following as of June 30, 1986 (in thousands):

	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Combined Totals
Land	$ 1,221	$ -	$15,452	$ 16,673
Buildings	105,563	-	-	105,563
Land and Building Improvements	10,701	469	-	11,170
Equipment	18,252	34,722	1,731	54,705
Total	$135,737	$ 35,191	$17,183	$188,111
Less Accumulated Depreciation	60,413	18,294	1,090	79,797
Net Total	$ 75,324	$ 16,897	$16,093	$108,314

Proprietary fund type fixed assets include equipment totaling $2,916,715 funds purchased under capital lease agreements. Accumulated amortization for these capital lease fixed assets was $581,398 and the fiscal year 1986 amortization was $580,746.

Land in the Permanent School Fund (a nonexpendable trust fund) totaling 2,516,950 acres was donated by the federal government and is valued at the estimated fair market value at the time of donation.

7. RESTRICTED ASSETS AND LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Mandatory asset segregations are presented in various Enterprise Funds as restricted assets. Restricted assets are composed of cash, investments and accrued investment income. Such segregations are required by bond covenants and other external restrictions. Current liabilities to be paid from these assets are classified as payable from restricted assets. Additional related current liabilities will be paid from unrestricted current assets. The excess of restricted assets over liabilities payable from restricted assets will be used first for long-term bonds payable. The remainder, if any, is added to a reservation of retained earnings or fund balances. Details of these restricted assets and related liabilities follow.

Restricted Assets and Related Liabilities

Restricted Assets:	
Cash	$ 14,621,400
Investments	400,672,051
Accrued Investment Income	231,252
Total Restricted Assets	$415,524,703
Liabilities Payable from Restricted Assets:	
Current:	
Accounts Payable	$ 1,276,800
Revenue Bonds Payable	79,345,000
Revenue Bonds Interest Payable	70,696,913
General Obligation Bonds Payable	580,000
General Obligation Bonds Interest Payable	244,099
Other	1,304,058
Total Current Liabilities	$153,446,870
Noncurrent:	
Revenue Bonds Payable	$256,639,002
Total Liabilities Payable from Restricted Assets	$410,085,872
Restricted Fund Equities:	
Reserved per Debt Requirement	$ 5,438,831
Total Liabilities Payable from Restricted Assets and Reserved Fund Equities	$415,524,703

8. DEFERRED COSTS

The composition of the deferred costs is scheduled below (in thousands):

	Enterprise Fund Housing Finance Agency Programs	Other	Total
Bond Issuance	$ 28,101	$ 1,332	$ 29,433
Debt Extinguishment	1,356	-	1,356
Prepaid Expenses	1,736	3,363	5,099
Total	$ 31,193	$ 4,695	$ 35,888

9. GENERAL LONG-TERM OBLIGATIONS

A summary of general long-term obligations at June 30, 1986 and the changes during fiscal year 1986 is as follows (in thousands):

Liabilities For:	July 1, 1985 Balances	Increases	Decreases	June 30, 1986 Balances
General Obligation Bonds	$1,130,155	$208,690	$136,309	$1,202,536
Loans Payable	3,442	-	394	3,048
Capital Leases	2,300	870	887	2,283
Claims and Judgments	42,470	2,260	24,568	20,162
Grants and Subsidies	184,712	214,416	184,712	214,416
Compensated Absences	80,092	6,189	-	86,281
Pension Liabilities	15,466	-	11,304	4,162
Totals	$1,458,637	$432,425	$358,174	$1,532,888

Included in general obligation bonds payable at June 30, 1986 is $215,075 of revenue bonds payable for general fixed assets purchased through the master lease program (see Note 12).

The resources to repay the various general long-term obligations have been or will be provided from the fund types as scheduled below (in thousands).

	General Fund	Special Revenue Funds	Total
Obligations For:			
General Obligation Bonds	$1,077,928	$124,608	$1,202,536
Loans	-	3,048	3,048
Capital Leases	1,942	341	2,283
Claims and Judgments	19,939	223	20,162
Grants and Subsidies	214,416	-	214,416
Compensated Absences	47,477	38,804	86,281
Pension Liabilities	4,162	-	4,162
Totals	$1,365,864	$167,024	$1,532,888

Principal and interest payment schedules are provided below (in thousands) for General Obligation Bonds, Loans and Capital Leases. The liability for Grants and Subsidies will be liquidated in October, 1986, or shortly thereafter. There are no set payment schedules for Claims and Judgments, Compensated Absences, or Pension Liabilities.

Fiscal Year(s)	General Obligation Bonds	Loans	Capital Leases	Totals
1987	$ 175,285	$ 394	$ 943	$ 176,622
1988	174,875	394	882	176,151
1989	164,443	394	519	165,356
1990	158,696	394	263	159,353
1991	148,286	394	98	148,778
1992 - 1996	596,090	1,078	-	597,168
1997 - 2001	347,386	-	-	347,386
2002 - 2005	98,047	-	-	98,047
Total Payments	$1,863,108	$3,048	$2,705	$1,868,861
Interest	660,572	-	422	660,994
Total Principal	$1,202,536	$3,048	$2,283	$1,207,867

Minnesota Statutes, Section 16A.65 provides for an annual appropriation for transfer to the Debt Service Fund. The amount of the appropriation is to be such that, when combined with the balance on hand in the Debt Service Fund on November 1 of each year for state bonds issued by January 1, 1985 and on December 1 of each year for state bonds issued after January 1, 1985, it will be sufficient to pay all general obligation bond principal and interest due and to become due through July 1 in the second ensuing year. If the amount appropriated is insufficient, when combined with the balance on hand in the Debt Service Fund, the State Constitution requires the State Auditor to levy a statewide property tax to cover the deficiency. No such property tax has been levied since 1969 when the law was enacted requiring the appropriation.

In fiscal year 1986 the Department of Finance made the necessary transfers to the Debt Service Fund as follows:

General Fund	$120,541,444
Special Revenue Funds:	
Natural Resources Funds	38,581
Trunk Highway Fund	17,295,208
Maximum Effort School Loan Fund	1,574,274
Nonappropriated Miscellaneous Special Revenue Fund	203,200
Capital Projects Fund (Building Fund)	10,854,044
Total Operating Transfers to Debt Service Fund	$150,506,751

The amount shown in the Debt Service Fund as reserved per debt requirements differs from that shown in the General Long-Term Obligation Account Group as Amount Available in Debt Service Fund because the Debt Service Fund amount includes both principal and interest on general obligation bonds while the General Long-Term Obligation Account Group includes only the amount for bond principal.

Two issues of general obligation bonds are recorded as liabilities of an enterprise fund, the State University Board Revenue Fund, because the earnings of the fund are pledged for repayment of bonds. This fund makes debt service transfers fulfilling the legal requirements for general obligation debt service. Debt service transfers and the earnings on them are reported as restricted assets (see Note 7) in the enterprise fund and as funds held in trust in the Debt Service Fund. The General Fund remains secondarily liable for these bonds.

During fiscal year 1986, $150,000,000 in general obligation bonds were sold and $82,710,000 in general obligation bond principal was repaid. In addition, the state sold $52,125,000 of General Obligation Refunding Bonds for the purpose of refunding $47,250,000 of general obligation bonds in advance of maturity. In connection with this refunding the state also exchanged $6,300,000 of bonds with bonds of the same maturity and interest rate. The entire proceeds of $51,532,200 (net of $592,800 in accrued interest, underwriting fees and issuance costs) plus an additional $5,722,607 have been placed in special escrow accounts and invested in government securities. These investments have been certified to be sufficient to pay all principal and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated, and the new advance refunding bonds added to the General Long-Term Obligation Account Group. The state remains contingently liable to pay the refunded bonds. The balance outstanding for all the extinguished debt at June 30, 1986 was $147,250,000.

This refunding transaction has saved the state of Minnesota aggregate debt service payments of $6.7 million and will result in an economic gain or present value savings of $6.8 million over the life of the refunded bonds. The fact that the refunded bonds debt service payments decrease over the term of the bonds, while the refunding debt service payments remain fairly constant with a few large payments towards the end of the term causes the present value savings to exceed the savings in debt service payments.

A schedule of general obligation bonds authorized, issued and unissued is provided as follows (in thousands):

Purpose	Amount Authorized	Amount Issued	Unissued
State Building	$361,216.5	$166,543.0	$194,673.5
State Transportation	70,035.0	59,000.0	11,035.0
Waste Management	26,400.0	10,300.0	16,100.0
Water Pollution Control	156,000.0	140,100.0	15,900.0
Maximum Effort School Loan	20,000.0	15,025.0	4,975.0
Municipal Aid	4,330.0	-	4,330.0
Reinvest In Minnesota	16,000.0	-	16,000.0
Rural Finance Administration	50,000.0	-	50,000.0
Family Farm Security	20,000.0	-	20,000.0
Totals	$723,981.5	$390,968.0	$333,013.5

Leases

Capital leases payable are for those leases meeting the criteria in NCGA Statement 5, Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments. While the state has entered into numerous operating lease agreements, annual payments for operating leases for governmental funds are not significant.

Claims and Judgments Payable

Claims and Judgments Payable at June 30, 1986, consists of taconite occupation taxes overpaid from 1971 through 1982 by several mining companies. The refunds owed to the companies are estimated to be $19,938,800 at June 30, 1986, including interest on the unpaid balance. The refunds plus interest thereon are currently being repaid through credits to sales, occupation and railroad gross earnings owed by the mining companies involved, and cash refunds. During fiscal year 1986 interest at 6 percent on the amounts owed increased this obligation by $1,901,413. Audits of mining company records disclosed an additional $359,276 in refund liabilities. Credits to sales, railroad gross earnings and occupation taxes totaling $9,977,214 decreased the liability during 1986. The remaining decrease of $14,590,529 is for production tax overpayments. This claim is now being offset against production taxes paid directly to local jurisdictions. Previously such taxes were paid to the state and then redistributed to local governments.

Grants and Subsidies Payable

Various grant and subsidy payments are based on data for one fiscal year but are paid from resources of the subsequent year. Where the payment is based on services or actions completed by the recipient as of June 30, 1986 we have determined that a long-term liability exists. Liabilities totaling $214,415,737 for such grants and subsidies are recognized at June 30, 1986. This amount includes $206,762,624 in final payments for school aids for fiscal year 1986, which is payable in October, 1986. The remainder is for tuition reciprocity owed to surrounding states for the school year ended June 30, 1986 and for reimbursements to counties for property taxes lost as the state took over certain previously taxable property.

Compensated Absences

The liability for compensated absences for governmental funds totaling $86,281,136 is primarily for vacation leave and vested sick leave, payable as severance pay under specific conditions and paid only at the time of termination from state employment. This obligation will be liquidated using future resources at unspecified times.

Pension Liabilities

The pension liabilities of $4,162,000 represent the fiscal year 1986 funding deficit for the pension trust funds calculated according to the Accounting Principles Board Opinion 8 (see Note 21).

10. LEASE AGREEMENTS

Capital Leases:

Proprietary funds have entered into several capital lease agreements to purchase equipment as described below.

Fiscal Year	Description	Terms	Original Cost
	Computer Services Fund (an internal service fund)		
1986	Central Processor	48 months	$2,868,389
	Plant Management Fund (an internal service fund)		
1986	Jeep	48 months	5,444
	Enterprise Activitites Fund		
1985	Vans	48 months	21,994
1986	Vans	48 months	20,888
	Total Fixed Assets Purchased Through Capital Leases		$2,916,715

Capital leases for internal service funds were significantly reduced during fiscal year 1986 as the result of a refinancing program (see note 12).

The equipment purchased by capital leases and included with the general fixed assets consists of numerous small items. The terms of each agreement provide options to purchase the equipment at any time during the lease period. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee.

Operating Leases:

The Computer Services Fund (an internal service fund) has entered into several operating leases, part of which are cancellable and the remainder noncancellable. The total of the minimum rental payments for fiscal year 1987 for noncancellable leases is $1,167,015.

The following is a schedule of the future minimum lease payments for the capitalized leases and noncancellable operating leases together with the total present value of the net minimum lease payments as of June 30, 1986 for proprietary funds:

	Capitalized Leases			Operating Leases
	Internal Service Funds		Enterprise Fund	Internal Service Funds
Fiscal Year(s)	Computer Services	Plant Management	Enterprise Activities	Computer Services
1987	$1,022,638	$ 1,595	$12,679	$ 892,311
1988	1,022,638	1,595	12,679	274,704
1989	1,022,638	1,595	12,133	-
1990	-	132	3,569	-
1991	-	-	-	-
Total Payments	$3,067,914	$ 4,917	$41,060	$1,167,015
Interest	731,447	572	4,843	-
Present Value of Minimum Lease Payment	$2,336,467	$ 4,345	$36,217	$1,167,015

11. ECONOMIC DEVELOPMENT REVENUE BONDS OF THE IRRRB

The Iron Range Resource and Rehabilitation Board (IRRRB) is authorized by Minnesota statutes to issue bonds and other obligations to finance projects or programs within certain tax relief areas. As of June 30, 1986, the IRRRB had issued Economic Development Revenue Bonds totaling $8,565,000. They are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of IRRRB, are not general obligations of the state of Minnesota and are not payable from any taxing source. The liability for these bonds is not included in this report.

12. LONG-TERM OBLIGATIONS - PROPRIETARY FUNDS

Federal Loans

The Unemployment Compensation Fund (an expendable trust fund) receives loans under the provisions of the Federal Unemployment Tax Act. As of June 30, 1986 the outstanding balance of loans was $17,569,440, including $3,729,319 of interest accrued at a rate of 10 percent per annum (see Note 29).

Installment Purchase Contract

The equipment and buildings of the Zoo Monorail Ride were repossessed on September 30, 1985. This action followed Zoo Ride Inc.'s default on the payments under the installment purchase contract. Zoo Ride Inc. was later completely released from the debt which totaled $10,968,453. The Zoo Monorail Ride had been reported as a part of the Enterprise Activities Fund in prior years. The equipment and buildings of the monorail ride were later purchased by the Minnesota Zoological Garden, an enterprise fund (see also Notes 23 and 24).

Revenue Bonds

The agencies listed below have the authority to issue, and have issued, bonds which are not general obligations of the state but are payable solely from rentals, revenues and other income, charges and monies as were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The Minnesota Housing Finance Agency (MHFA) is authorized by Minnesota Statutes Section 462A.08-.14 to issue its bonds and notes for the purpose of providing funds for rehabilitation loans, construction loans and mortgage loans to sponsors of residential housing for families of low and moderate income, or refunding bonds. The amount of such bonds outstanding at any time shall not exceed $1,990,000,000.

The Minnesota Higher Education Facilities Authority (MHEFA) is authorized by Minnesota Statutes Sections 136A.32-.34 to issue revenue bonds to finance the acquisition, construction and remodeling of college buildings and structures to be used for private nonsectarian educational purposes, and to refinance facilities of this type. The amount of such bonds outstanding at any time may not exceed $150,000,000. Each issue is payable solely from and secured by a first lien on the revenues of the project financed, reserve funds and the guarantee of the institution for which the project is financed.

The Minnesota State University Board (MSUB) is authorized by Minnesota Statutes Section 136.41 to issue revenue bonds in the principal amount of $52,800,000 to finance the acquisition, construction and remodeling of college buildings for residence hall, student union and food service purposes. All of such bonds have been issued and are payable solely from and secured by an irrevocable pledge of revenues to be derived from the operation of the financed buildings and from student fees.

The Minnesota Higher Education Coordinating Board (MHECB) is authorized by Minnesota Statutes Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed $550,000,000.

The Minnesota Energy and Economic Development Authority (MEEDA) is authorized by Minnesota Statutes Sections 116M.07-.08,.12 to issue revenue bonds and notes for various energy and economic development purposes. The amount of such bonds outstanding at any one time may not exceed $210,000,000, except on Energy Development Bonds which have no limit.

Certificates of Participation - Master Lease Program

On June 30, 1986, there were $26,935,000 of master lease certificates of participation payable from various Internal Service Funds and the General Fund. Previously, agencies individually entered into capital leases. Under the Master Lease Program, certificate proceeds are used to purchase equipment resulting in lower financing costs. These certificates of participation are not a general or moral obligation of the state but are payable from lease payments. To avoid overstating the state's liability for the Master Lease Program, the liability for these certificates is recorded as a liability of the fund purchasing the equipment through the master lease program with the remaining liability recorded in the Master Lease Fund. At June 30, 1986, the liability for these certificates is reported in the Internal Service Funds and in the General Long-Term Obligation Account Group (included in general obligation bonds payable for equipment purchased by the General Fund) as follows:

Master Lease Fund	$15,174,273
For equipment purchased:	
Internal service funds	11,545,652
General Long-Term Obligation Account Group	215,075
Total Certificates of Participation	$26,935,000

In addition, general obligation bonds have been issued for the Minnesota State University Board Revenue Fund (an enterprise fund). The liability for these bonds is recorded within the fund. The earnings of the fund are pledged for repayment of the general obligation bonds and any revenue bonds sold for the same purpose. At June 30, 1986 the total of general obligation bonds outstanding was $13,599,007.

Principal and interest repayment schedules for proprietary fund bonds and certificates of participation outstanding are provided below (in thousands). Portions of the bonds payable are reported as Payable From Restricted Assets on the Combined Balance Sheet - All Fund Types and Account Groups.

Fiscal Year(s) Ending	Revenue Bonds					Certificates of Participation Internal Service Funds	General Obligation Bonds
	MHFA	MHEFA	MHECB	MEEDA	MSUB		MSUB
1987	$ 180,030	$ 12,609	$ 40,348	$ 8,568	$ 2,359	$ 7,583	$ 1,304
1988	180,796	21,606	40,214	9,658	2,336	9,767	1,286
1989	177,101	11,931	188,690	18,210	2,311	6,387	1,279
1990	173,024	12,179	31,499	20,124	2,295	4,978	3,609
1991	168,189	12,044	28,805	20,129	2,266	1,833	4,768
1992 - 1996	784,396	43,479	44,053	68,503	11,184	649	4,959
1997 - 2001	627,733	29,196	44,118	8,839	12,426	-	-
2002 - 2006	574,704	19,702	-	7,925	7,622	-	-
2007 - 2011	531,849	9,980	-	824	420	-	-
2012 - 2016	409,017	2,594	-	-	-	-	-
2017 - 2021	129,929	-	-	-	-	-	-
2022 - 2026	3,033	-	-	-	-	-	-
	$3,939,801	$175,320	$417,727	$162,780	$43,219	$31,197	$17,205
Unamortized (Discount) Premium	-	(1,237)	(1,174)	-	(172)	-	4
Interest	(2,339,949)	(70,635)	(82,042)	(59,010)	(14,202)	(4,477)	(3,610)
Bond Principal	$1,599,852	$103,448	$334,511	$103,770	$28,845	$26,720	$13,599

13. LONG-TERM COMMITMENTS

Long-term commitments consist of grant agreements, construction and other contracts. The following amounts were outstanding as of June 30, 1986:

Capital Projects Funds:	
General Project Fund	$ 14,697,260
Transportation Fund	2,772,220
Building Fund	73,951,819
	$ 91,421,299
Special Revenue Funds:	
Trunk Highway Fund	$101,878,746
Environmental Fund	16,007,924
Iron Range Resources and Rehabilitation Fund	331,532
	$118,218,202
Total	$209,639,501

These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, mining tax revenues and federal grants.

14. CONTINGENT LIABILITIES - LITIGATION

Payment of tort claims against the State is made from funds appropriated by the Minnesota Legislature for that purpose. For the fiscal year ended June 30, 1985, the appropriation was $1,075,000 and payments were $692,547. The appropriation for the fiscal year ended June 30, 1986 was $1,068,200 and payments were $517,996. The appropriation for the fiscal year ending June 30, 1987 is $1,175,203. The maximum limits of liability for tort claims are $200,000 for any individual claim and $600,000 for any number of claims arising out of a single occurrence.

The State, its officers and employees, are defendants in numerous lawsuits. The following cases have been noted because an adverse decision could result in expenditures of State moneys in excess of current levels.

Johnson Bros. Wholesale Liquor Co., et al. v. State of Minnesota (Minnesota Tax Court). Plaintiffs assert that the Minnesota excise tax on non-Minnesota wine is unconstitutional because it is higher than the tax on Minnesota wine. Plaintiffs claim the appropriate remedy is a partial refund of the excise tax paid on non-Minnesota wine. The Minnesota Tax Court has ruled the law as unconstitutional and it is on appeal to the Supreme Court. The estimated revenue impact of an adverse decision in this and similar cases is $10 million (through December, 1983). Any liability arising out of a decision against the State may impact the General Fund.

Tax refund actions based on Memphis Bank v. Garner, 103 Sup. Ct. 692 (1983) have been filed by most Minnesota banks in district courts throughout the state. In Memphis Bank, the court held unconstitutional a Tennessee tax law which included interest on federal obligations in the computation of net income, which is the measure of the tax, but exempted interest on all obligations of state and political subdivisions. These plaintiff taxpayers contend that the Minnesota bank excise tax is likewise unconstitutional because Minnesota excludes interest on certain obligations of the State and its political subdivisions from the computation of the tax while including interest on federal obligations. The taxes in suit are estimated to be in excess of $140 million. Trial has been commenced and will continue into early 1987 with a decision expected in mid 1987. Any liability arising out of a decision against the State may impact the General Fund.

Inland Steel Mining v. Commissioner of Revenue and U.S. Steel v. Commissioner of Revenue (Minnesota Tax Court). Plaintiffs allege that the combined occupation royalty and excise taxes paid on taconite mining exceeds statutory and constitutional limits. The taxes in suit combined with additional claims for refund which have been filed but which are not yet in suit have been estimated at approximately $35 million. Any liability arising out of a decision against the State may impact the General Fund.

Dunlop et al. v. State of Minnesota (United States District Court, District of Minnesota; Ramsey County District Court). Plaintiffs filed class action suits in both federal and state court alleging that the State improperly withheld social security taxes on sick leave payments from 1955 to 1982. Both actions have now been dismissed. The appeals period has run on the federal side, but plaintiffs could still pursue an appeal in the state courts. Should the plaintiffs ultimately prevail, the state General Fund would be liable for the amount of taxes improperly withheld, an amount which could exceed $5 million.

At any one time, there are hundreds of Department of Transportation eminent domain actions being litigated in district courts throughout the State. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the Department and revenues available for highway projects. In the aggregate, the potential cost to the State for property which has been or will be acquired exceeds $5 million. Liability arising out of decisions unfavorable to the State may impact the Trunk Highway Fund.

Minnesota Mining and Manufacturing Co. v. Commissioner of Revenue, Ramsey County District Court. Plaintiffs in this case, which was filed in April 1986, are the 3M Company and several of its subsidiaries. Plaintiffs claim Minnesota franchise tax refunds for the years 1971-81, asserting that they should be allowed to compute their taxes using an apportionment formula different from that employed by them in their returns as originally filed. The amount sought is believed to exceed $10 million. Any liability arising out of a decision against the State may impact the General Fund.

Manypenny, et. al. v. United States, State of Minnesota, et al. (United States District Court, District of Minnesota, 4th Division). This litigation involves land claims on the White Earth Indian Reservation. Plaintiffs have brought an action to regain ownership of several hundred thousand acres of land on the Reservation. Damages in excess of $100,000,000 have been claimed. Plaintiffs are challenging transfers of land involving tax forfeitures and probate distributions along with a host of minor claims. Any liability arising out of a decision against the State may impact the General Fund.

No opinion is expressed concerning the possible outcome of the above cases. Additionally, the State's policy is to address the specific impact of judgments against the State after a final judicial decision is rendered.

15. CONTINGENT LIABILITIES - OTHER

Municipal Debt Service

Under Minnesota Statutes Section 475A.03, Municipal Debt Service Aid Law, the state is contingently liable as guarantor for outstanding bond principal and scheduled interest payments, which on June 30, 1986 totaled $6,789,669. Statutes provide for defaults to be covered first by guarantee fees accumulated in the Miscellaneous Agency Fund (a fiduciary fund) until depleted, then funded from the General Fund, with subsequent reimbursement from the sale of state general obligation bonds.

Family Farm Security Loans

Under Minnesota Statutes Section 41.56 of the Family Farm Security Loan Program, the state is contingently liable for 90% of the balance of the outstanding loans and 100% of certain restructured loans. As of June 30, 1986 the amount of outstanding loans was $52,148,353, and there was an additional $808,397 of loan applications. The amount of the state's guarantee was approximately 90% of the sum of the two balances. All loans are secured by mortgages on real property. In the event of default, proceeds from the sale of foreclosed property are first applied to the unpaid balance, any remaining debt is then charged to a dedicated portion of the Nonappropriated Miscellaneous Special Revenue Fund (a special revenue fund). Minnesota Statutes Section 41.62 authorizes up to $20,000,000 of general obligation debt as additional resources for financing guarantee payments of this program (see Note 29). On June 30, 1986 the state owned 6,726 acres of repossessed farmland reported as inventory of land for resale in the Nonappropriated Miscellaneous Special Revenue Fund. An additional 16 loans in the amount of $2,485,000 were in default at June 30, 1986.

Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 21), there are several other public employee pension funds for whose unfunded liability the state may be contingently liable. Those funds can be divided into two groups: those pension trust funds for public employees where the state currently assumes the employers share of retirement contributions, and those pension trust funds where the state is funding a portion of the unfunded liability. The pension trust funds involved, the year end for which the most current data is available and the unfunded liabilities are provided below (in thousands):

Funds for Which State Pays Employers Contribution:		
Minneapolis Teachers Retirement Fund	June 30, 1985	$239,786
St. Paul Teachers Retirement Fund	June 30, 1986	137,602
Duluth Teachers Retirement Fund	June 30, 1985	15,397
Funds for Which State Assumes a Portion of the Unfunded Liability:		
Minneapolis Employees Retirement Fund	June 30, 1985	$262,259
Local Police and Fire Funds	December 31, 1985	577,880

Pension trust funds for which the state has custodial responsibility, but for which the state is not contingently liable, include the Public Employees Retirement Fund and the Police and Fire Fund. The unfunded liabilities and net assets available at June 30 for funding of these pension funds are provided in Note 21.

All of the above unfunded liabilities were computed using the entry age normal cost (level normal cost) method, and assuming an 8 percent interest rate and a 6.5 percent annual salary growth rate except for the Minneapolis Employees Retirement Fund and the Local Police and Fire Funds, which assumed a 5 percent interest rate and a 3.5 percent annual salary growth rate. For previous years the same method was used, the percentages assumed were 5 and 3.5 respectively, for all funds. Additional annual contributions are provided to reduce the current unfunded liabilities. It has been the intent of the legislature, in establishing contribution rates, to provide sufficient resources to retire, or fully fund, the above liabilities by June 30, 2009

16. RESIDUAL EQUITY TRANSFERS

Residual equity transfers-out exceed similar transfers-in by $3,411,850 because of differing reporting focuses for proprietary and governmental fund types. These residual equity transfers from governmental fund types are reported as part of the increase to contributed capital in the proprietary funds.

17. CONTRIBUTED CAPITAL

Contributed capital of the Enterprise and Internal Service Funds consists of resources provided from the following sources:

Source	Enterprise Funds	Internal Service Funds	Total
General Fund	$12,061,313	$6,739,808	$18,801,121
Federal Grants	30,587,883	-	30,587,883
General Fixed Assets	25,951,748	398,980	26,350,728
Other	226,249	360,797	587,046
Total	$68,827,193	$7,499,585	$76,326,778

Amounts for general fixed assets are the result of changes in reporting entity for the Minnesota Zoological Garden, an enterprise fund and Plant Management, an internal service fund (see Note 23).

18. DEFICIT UNRESERVED RETAINED EARNINGS BALANCES

The following funds have deficit retained earnings balances at June 30, 1986:

Enterprise Fund:	
Enterprise Activities Fund	$ 298,625
Internal Service Funds:	
Computer Services	$1,628,402
State Printer	126,091
Central Motor Pool	460,626

During fiscal year 1986, rates charged for services were insufficient to cover costs, resulting in deficit retained earnings. The rates for services are being reviewed and will be adjusted to eliminate the deficits in future years.

19. FUND BALANCES AND RETAINED EARNINGS

Reserved Fund Balances - The reserved portion of the fund balances indicates that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use.

Reserved for Local Governments is the equity amount in three Expendable Trust Funds required by the State Constitution to be paid to local governments. The funds are the Municipal State-Aid Street, County State-Aid Highway and Endowment School Funds. The payments to these local governments are for street and highway projects (tc municipalities and counties) and to subsidize education in the local school districts.

Reserved for Other consists of the following:

- A reserve for deferred costs of $194,000 in the General Fund, $687,987 in the Environmental Fund (a special revenue fund), $1,800,142 in the Building Fund (a capital project fund), and $865 in the Endowment Fund (an expendable trust fund).
- The $25,760,365 reserve in the Federal Fund (a special revenue fund) represents an allocation from the feder courts of fines for petroleum overcharges. Federal law requires these funds be used for energy conservation programs only.
- A $5,472,468 reserve in the Northeast Minnesota Economic Protection Fund (an expendable trust fund) serves as a backup guarantee for Economic Development Revenue Bonds. These bonds are not a liability of the state (see also Note 11).

Unreserved Fund Balances - The unreserved portion of the fund balances consists of designated fund balances indicating tentative managerial plans for future use of resources and undesignated fund balances indicating those unreserved financial resources available for appropriation.

Designated for Fund Purposes consists of fund balances for nonappropriated funds to be used for the following purposes:

Special Revenue Funds	
Education	$ 5,152,414
Environment & Economic Development	14,074,259
Transportation	13,371,323
Natural Resources and Miscellaneous	30,963,457
	$ 63,561,453
Expendable Trust Funds	
Economic Protection and Rehabilitation	$ 48,815,135
Miscellaneous	6,110,280
	$54,925,415

Retained Earnings Reservation - Retained Earnings Reserved per State Law are the amounts in the Minnesota Housing Finance Agency Funds (enterprise funds) that are as yet unused portions of state appropriations transferred to these funds for specific programs. These programs are primarily for interest rate reductions for housing mortgages and home improvements.

20. DEFICIT UNDESIGNATED FUND BALANCES

Special Workers Compensation Fund

This Special Revenue Fund provides supplementary workers compensation benefits to workers whose injury or disability meets certain requirements. For the most part, payments from this fund are reimbursements to insurance companies for payments to eligible injured workers. Funding for these reimbursements comes from an assessment on insurers and self-insurers. The undesignated fund deficit, $46,846,749 at June 30, 1986, will eventually be eliminated through increases in the assessment rate.

Unemployment Compensation Fund (Expendable Trust Fund)

As a result of declines in economic activity during fiscal years 1981-1983, the unemployment taxes collected were insufficient to fully fund the payments for unemployment benefits, causing a deficit fund balance. As of June 30, 1986, the unreserved fund deficit was $10,330,506. During fiscal years 1984, 1985 and 1986 the deficit was reduced by 27%, 53% and 92% respectively. It is expected that the deficit will be eliminated during fiscal year 1987 (see also Note 29).

21. PENSION TRUST FUNDS

The state of Minnesota performs a fiduciary role for several pension trust funds. These funds are reported in accordance with the National Council on Governmental Accounting's Statement 1, as recognized by GASB Statement 1, and are categorized as either Defined Benefit, Defined Contribution, or Investment Trust Funds.

Defined Benefit Pension Funds

The Defined Benefit Pension funds presented in the financial statements include various statewide public employee groups. The funds and employee groups covered are as follows:

- The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions including counties, cities, towns, school districts and certain related organizations. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

- The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

- The Teachers Retirement Fund (TRF) covers persons employed as teachers by the school districts or by the state, including the state universities and community colleges. Also included are supervisors, academic administrators and librarians employed by the same organizations.

- The State Employees Retirement Fund (SERF) covers those employees of the state, University of Minnesota and certain other entities not covered by other pension funds.

- The State Patrol Retirement Fund (SPRF) covers state patrol officers, crime bureau officers, and various conservation officers who perform enforcement duties.

- The Judicial Retirement Fund (JRF) covers judges of the supreme court, district courts, county courts, probate courts and various court referees.

- The Elective State Officers Retirement Fund (ESORF) covers the state's constitutional officers.

- The Legislative Retirement Fund (LRF) covers members of the state's House of Representatives and Senate.

Except for the Judicial Retirement, Elective State Officers Retirement and the Legislative Retirement Funds, all of the preceding Defined Benefit Pension Funds are funded using level contribution rates intended to be sufficient to fully fund the accrued actuarial liabilities by the year 2009.

At the end of each fiscal year, actuarial valuations are prepared by an independent actuary hired by the legislature to determine whether adjustments in contribution rates are necessary. The actuarial valuations in the schedule which follows are for the most current year available, July 1, 1985 or 1986. All other data is for fiscal year 1986. There were no significant changes in benefits or actuarial assumptions between June 30 or July 1 of either year. Information regarding participation, funding, and unfunded liabilities for all of the preceding funds are as follows (dollars in thousands):

	PERF	P&FF	TRF	SERF	SPRF	JRF	ESORF	LRF
Participation:								
Active employees covered	89,336	5,127	60,174	46,423	769	243	6	201
Total number of participants	114,404	6,880	76,987	58,354	1,212	388	19	458
Annual payroll of active members	$1,457,848	$144,392	$1,406,832	$ 998,258	$ 24,163	$14,913	$ 344	$ 4,366
Contributions:								
Employee contribution rates:								
Basic (not covered by Social Security)	8.00%	8.00%	8.50%	N/A	N/A	7.55%	N/A	N/A
Coordinated	4.00%	N/A	4.50%	3.73%	8.50%	4.18%	9.00%	9.00%
Employer contribution rates:								
Basic (not covered by Social Security)	10.50%	12.00%	12.98%	N/A	N/A	N/A	N/A	N/A
Coordinated	4.25%	N/A	8.98%	3.90%	18.90%	N/A	N/A	N/A
Employer contributions	$ 71,434	$ 17,341	$ 132,742	$ 40,565	$ 4,598	N/A	N/A	N/A
Employee contributions	$ 64,778	$ 11,583	$ 68,204	$ 38,356	$ 2,062	$ 562	$ 31	$ 387
Total 1986 contributions	$ 136,212	$ 28,924	$ 200,946	$ 78,921	$ 6,660	$ 562	$ 31	$ 387
1986 APBO #8 Provision for pension costs	$ 127,853	$ 26,453	$ 197,379	$ 72,274	$ 6,263	$ 3,707	$ 129	$ 1,306
Funding surpluses (deficits)	**$ 8,359	**$ 2,471	$ 3,567	$ 6,647	$ 397	*$(3,145)	*$ (98)	*$ (919)
Actuarial Assumptions:								
Rates of annual investment return:								
Pre-retirement	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Post-retirement	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Projected salary increases	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Valuation Dates, as of:	06/30/86	06/30/86	06/30/86	06/30/85	06/30/86	06/30/86	06/30/86	06/30/86
Actuarial Valuations:								
Actuarial present value of credited projected benefits:								
Vested active members	$1,177,085	$220,408	$2,389,891	$ 686,076	$ 71,728	$23,978	$ 434	$ 5,877
Vested inactive members	51,124	11,034	78,824	17,096	1,885	776	242	3,872
Vested retired members	1,102,235	107,892	1,275,542	424,787	60,967	21,655	741	9,594
Nonvested benefits	260,001	62,980	168,263	157,238	8,406	4,769	138	1,189
Totals	$2,590,445	$402,314	$3,912,520	$1,285,197	$142,986	$51,178	$1,555	$20,532
Net assets available for benefits	$2,076,864	$405,825	$3,000,863	$1,136,958	$114,516	$15,725	$ 230	$ 9,535
Unfunded liability	$ 513,581	$ (3,511)	$ 911,657	$ 148,239	$ 28,470	$35,453	$1,325	$10,997
Ratio of net assets to actuarial present value of credited projected benefits	80.17%	100.87%	76.70%	88.47%	80.09%	30.73%	14.79%	46.44%

* Funding deficits for which the state is liable have been added to the General Long-Term Obligation Account Group.

** State is not liable for any deficits in these funds.

The Judicial Retirement and the Legislative Retirement Funds are terminally funded. At the time of retirement, members' contributions are supplemented by employer contributions from the General Fund, in an amount sufficient to provide the necessary resources for future annuity payments. The Elective State Officers Fund operates on a pay-as-you-go basis. If the fund's resources are fully depleted, employer contributions, in an amount sufficient to pay current obligations, will be made from the General Fund.

In computing the actuarial present values of credited projected benefits, the Public Employees Retirement and the Police and Fire Funds assumed mortality rates for their memberships would be statistically equivalent to the "Unisex Pension 1984 Table," set forward one year for males and back four years for females. The other funds assumed the mortality rates of their memberships would follow the "1971 Group Annuity Mortality Table" set back eight years for males.

The APBO #8 (Accounting Principles Board Opinion 8) provisions for pension costs, indicated in the preceding schedule, were computed using the entry age normal cost (entry age actuarial cost) method. The unfunded liabilities were computed from actuarial liabilities using the credited projected benefits method. They include the actuarial present value of benefits payable to current retirees or their beneficiaries, to vested former employees who are not yet eligible to receive benefits, and to current employees. The liability for current employees is the discounted amount of benefits estimated to be payable in the future as a result of employee service to date, computed by attributing a specified benefit amount (including the effects of projected salary increases) to each year of credited and expected future service.

Defined Contribution Funds

The Defined Contribution Funds presented in the financial statements include various statewide public employee retirement funds for which the benefits to be received are limited to an annuity which can be purchased with the combined contributions of both the employee and employer. Accordingly, there is no unfunded liability for these funds; therefore there is no actuarial valuation of accrued benefit liability.

The Unclassified Employee Retirement Fund covers only those state employees who are included either by statute or policy in the "unclassified service" of the state. Participation and funding for the fiscal year ended June 30, 1986 were as follows:

- Total employees covered	1,999
- Annual payroll of covered employees	$40,116,200
- Employee contribution rate	4.00%
- Total employee contributions	$ 1,959,768
- Employer contribution rate	6.00%
- Total employer contributions	$ 2,541,390

The Deferred Compensation Fund covers various public employees who elect to participate. The maximum contribution limit is 25 percent of gross income up to $7,500 annually. This fund (plan) has been approved under the provisions of the Internal Revenue Code, Section 457, and therefore its resources remain the property of the employer until distributed. Employers do not contribute to this fund, and employee contributions are added when payroll deductions are made. Employee participation and contributions for the fiscal year ended June 30, 1986 were as follows:

- Total employees covered	8,985
- Total employee contributions	$12,042,761

The College Supplemental Retirement Fund covers unclassified teachers, librarians, administrators, and certain other community college and state university staff members who have been employed full-time for a minimum of two academic years. For qualified employees, participation is mandatory. A contribution rate of five percent is applied to their annual salary between $6,000 and $15,000, and their contributions are matched by the employer. Participation and contributions were as follows:

- Total employees covered	3,987
- Total employee contributions	$1,316,967
- Total employer contributions	$1,316,967

Investment Trust Funds

The Investment Trust Funds are administered by the State Board of Investment and serve only as an investment medium for various state, as well as locally administered, retirement funds.

22. PRIOR PERIOD ADJUSTMENTS

Bridge and highway construction projects included in the Transportation Fund (a capital project fund) are partially funded from the Trunk Highway Fund (a special revenue fund). For projects completed during fiscal years 1981-1985, $2,243,835 of federal revenue was erroneously deposited into the Transportation Fund instead of the Trunk Highway Fund.

23. ACCOUNTING AND REPORTING CHANGES

Accounting and reporting changes have been made to recognize the changes required by various GASB pronouncements, to conform more closely to generally accepted accounting principles and to improve the clarity of the annual financial report. Among these changes, the addition of a fund not previously a part of the reporting entity and the transfer of assets between funds with different accounting bases resulted in a net increase to beginning fund equity.

Accounting Changes

The Debt Service Fund changed its accounting policy for advanced refunding of governmental fund debt recorded in the General Long-Term Obligation Account Group. In previous years' advance refundings, the total payment to the escrow agent was reported as part of the debt service expenditures. Beginning with fiscal year 1986, the total payment to the escrow agent is reported as an other financing use - payment to refunded bond escrow agent.

Reporting Changes

The Transit Assistance Fund (a special revenue fund), which previously was included in the Nonappropriated Miscellaneous Special Revenue Fund, is now reported as a part of the Other Transportation Funds.

The Minnesota Resources Fund (a special revenue fund), portions of which were previously included in the General and Nonappropriated Miscellaneous Special Revenue Funds, is now reported as a part of the Natural Resources Funds.

The Water Recreation Fund (a special revenue fund) was created when marine gasoline taxes and watercraft registration fees, which previously were deposited into the Nonappropriated Miscellaneous Special Revenue Fund, were appropriated to support various water recreation programs. This fund is reported as a part of the Natural Resources Funds.

The majority of the activity in the Environmental Fund (a special revenue fund) was previously reported in the Nonappropriated Miscellaneous Special Revenue Fund. The remaining activity was previously reported in the General Fund.

The Iron Range Resources and Rehabilitation Board (IRRRB) Fund (a special revenue fund) was previously included in the Nonappropriated Miscellaneous Special Revenue Fund and is now reported separately.

The Public Health Fund (a special revenue fund) was created when a portion of the cigarette and tobacco taxes, which previously was deposited into the General Fund, was appropriated for various health programs. This fund is combined into the Appropriated Miscellaneous Special Revenue Funds.

The Direct Appropriated Fund (a special revenue fund) was created when various activities supported by revenue from fees, which previously were deposited to the General Fund, were appropriated and are reported as a separate fund.

The Master Lease Fund (an internal service fund) was created for the purpose of financing capital lease agreement liabilities by selling certificates of participation.

The Plant Management Fund (an internal service fund) was created by the 1985 Legislature. This activity was previously reported in the General Fund.

The $6 million change in reporting entity in the Police and Fire Fund (a defined benefit pension fund) resulted from the merger of a local police and firefighter relief association into the fund as provided in statute.

The Zoological Garden Fund (an enterprise fund) was created to account for the operations of the Minnesota Zoological Garden. In previous years, these operations were accounted for in the General Fund, the Nonappropriated Miscellaneous Special Revenue Fund (a special revenue fund), the Federal Fund (a special revenue fund), the Endowment Fund (a fiduciary fund) and the Enterprise Activities Fund (an enterprise fund). The fixed assets of the fund were previously reported at original cost in the General Fixed Assets Account Group and at depreciated cost in the Enterprise Activities Fund.

24. GAIN ON SALE OF FIXED ASSETS

Gain on sale of fixed assets totaling $5,982,686 is related to the Zoo Monorail Ride. After several years of default on payments, the investors/assignees of the installment purchase contract repossessed the equipment and buildings of the zoo monorail ride. The outstanding debt was subsequently defeased under terms of a reacquisition agreement through liquidation of residual unrestricted liquid assets of the zoo ride accounts. The defeased debt exceeded the book value of the assets by $5,982,686 and was recognized as a gain on sale of fixed assets in the Minnesota Zoological Fund, an enterprise fund.

25. STATEMENT OF CHANGES IN FINANCIAL POSITION

The Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds has been prepared on a basis of cash as the total of cash and investments. For this purpose, investments include short-term marketable securities (cash equivalents), long-term securities, and shares held or participation in the net assets of investment trust funds.

Depreciation reported on this statement exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the State Printer (an internal service fund) because a portion of depreciation is included in the cost of goods sold.

The cash and investments of the Enterprise Funds differ from those shown on the balance sheet because they include cash and investments classified as restricted assets (See Note 7).

26. ENTERPRISE FUNDS - SEGMENT INFORMATION

State of Minnesota agencies provide major services to the public, financed by user charges. These agencies are:

- Housing Finance Agency (HFA)
- Higher Education Facilities Authority (HEFA)
- State University Board (SUB)
- Higher Education Coordinating Board (HECB)
- Minnesota Energy and Economic Development Authority (MEEDA)
- College and University Enterprise Activities
- Minnesota Correctional Industries
- Minnesota Zoological Garden

In addition, services on a smaller scale are provided by other numerous functions (Enterprise Activitites).

Significant financial data for the year ended June 30, 1986, stated in thousands of dollars, is presented as follows for the Enterprise Funds.

	HFA	HEFA	SUB	HECB	MEEDA	College & University Enterprise Activities	MN Correctional Industries	MN Zoological Garden	Enterprise Activities	Total
Operating Revenues......	$ 163,233	$ 4,768	$26,631	$ 14,141	$ 1,648	$11,486	$ 5,353	$ 3,851	$5,351	$ 236,462
Depreciation and Amortization Expense...	221	205	2,701	8	-	44	231	1,024	65	4,499
Operating Income (Loss).	19,402	(2,631)	(378)	(13,623)	(7,569)	845	(2,946)	(4,782)	6	(11,676)
Nonoperating Revenues (Expenses).............	(4,765)	3,020	3,326	36,908	6,929	(201)	106	6,084	41	51,448
Net Operating Transfers In (Out).....	5,172	-	-	95	1,007	(643)	2,508	4,548	-	12,687
Net Income (Loss).......	19,809	389	2,948	23,380	367	1	(332)	5,850	47	52,459
Capital Contributions...	-	-	6,143	-	-	30,187	4,642	26,702	1,154	68,828
Fixed Assets:										
Additions.............	258	8	1,498	-	-	59	103	1,629	112	3,667
(Deletions)...........	-	-	(108)	-	-	(13)	(42)	-	(12)	(175)
Net Working Capital.....	404,964	602	17,467	229,530	105,476	18,860	7,954	1,670	585	787,108
Total Assets............	2,060,046	107,883	76,332	467,001	139,612	38,380	10,672	29,981	1,831	2,931,738
Noncurrent Liabilities Payable from:										
Operating Revenues....	19	-	-	-	201	93	80	-	221	614
Other Sources.........	1,547,767	98,428	41,269	313,926	103,190	-	-	-	-	2,104,580
Total Fund Equity.......	275,747	2,286	30,631	127,525	30,298	37,754	9,963	29,113	856	544,173

27. BUDGET VS ACTUAL - VARIANCES

On the Combined Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - General Fund and Appropriated Special Revenue Funds - Budgetary Basis, expenditures are sometimes budgeted in one category (e.g., current expenditures) and spent in another (e.g., capital outlay) causing favorable and unfavorable offsetting variances.

State statutes require balanced biennial budgets. The current biennium ends on June 30, 1987. Deficit fund balances frequently occur at the end of the first year of the biennium and are permitted, but the budget must provide for a balanced budget by the end of the biennium.

General Fund

The unfavorable variance for Grants and Subsidies resulted from expenditures for entitlement programs, which are paid from "open appropriations". Open appropriations are those where the amount necessary to fully fund the program (usually an entitlement program) is made available as required in state statutes. Estimates of the amount needed to fully fund the programs are made with each budget forecast. The actual amount needed exceeded the estimates for these programs creating the unfavorable variance.

Appropriation carryover is not budgeted because it has no effect on the ending undesignated budgetary fund balance. It is this fund balance that indicates whether the budget is in balance.

Special Revenue Funds

Revenues deposited in Special Revenue Funds are dedicated to those funds. Appropriations are based on estimated revenues. When revenue collections are less than the estimates, expenditures must be reduced resulting in unfavorable revenue variances and favorable expenditure variances.

As a result of gas tax revenues being less than estimated, transfers out of the Highway User Tax Distribution Fund to the Trunk Highway Fund and other funds decreased. The unfavorable variance for transfers into the Trunk Highway Fund is the result of those decreases.

28. BUDGETARY BASIS VS GAAP

Actual revenues, transfers-in, expenditures, encumbrances and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund transactions and loan transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered, while on the modified accrual basis expenditures are recognized when goods or services are received regardless of the year encumbered. A reconciliation of the fund balances under the two bases for the general and special revenue funds follows.

A major difference between GAAP and budgetary fund balances for Special Revenue Funds is an entity difference for those funds which do not require legal appropriations. A reconciliation of this entity difference is presented here (in thousands). Other entity differences and basis differences are included in the table below.

Total GAAP Basis Fund Balances - All\Special Revenue Funds	$342,523
Special Revenue Funds not requiring legal appropriation	99,611
Total GAAP Fund Balances - Appropriated Special Revenue Funds	$242,912

Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances
June 30, 1986
(In Thousands)

		Special Revenue Funds							
	General	Trunk Highway	Highway User Tax Distribution	Other Transportation	Environmental	Natural Resources	Appropriated Miscellaneous	Total
Total GAAP Fund Balances	$333,594	$ 182,096	$2,147	$14,680	$ 27,965	$13,946	$2,078	$ 242,912
Less Reserved Fund Balances	(76,185)	(135,200)	(639)	(7,511)	(17,669)	(4,106)	(845)	(165,970)
Less Designated Fund Balances	(78,612)	(18,725)	-	(109)	(3,942)	(227)	-	(23,003)
Undesignated	$178,797	$ 28,171	$1,508	$ 7,060	$ 6,354	$ 9,613	$1,233	$ 53,939
BASIS DIFFERENCES								
Revenue Accruals/Adjustments:								
Federal Aid and Grants	-	(3,741)	-	-	-	(1,727)	-	(5,468)
Taxes Receivable	(12,814)	-	-	-	-	-	-	-
Human Services Receivable	(16,057)	-	-	-	-	-	-	-
Deferred Revenue	29,444	203	4	-	-	-	-	207
License Fees	-	-	-	-	-	(1,937)	-	(1,937)
Other Receivables	290	(4,440)	(148)	20	(262)	-	-	(4,830)
Expenditure Accruals/Adjustments:								
Medical Assistance	35,062	-	-	-	-	-	-	-
Police and Fire Aid	29,157	-	-	-	-	-	-	-
Invalid Encumbrances	(1,863)	(1,585)	(583)	(74)	-	(30)	-	(2,272)
Community Service Grants	12,200	-	-	-	-	-	-	-
Deferred Costs	194	-	-	-	-	-	-	-
Other Payables	11,298	726	-	2,027	-	12	-	2,765
Other Sources								
Transfers-In	(1,889)	-	-	-	-	(2,076)	-	(2,076)
Transfers-Out	20	52	3,321	-	-	-	-	3,373
ENTITY DIFFERENCES								
Terminally funded pension plans	3,098	-	-	-	-	-	-	-
Other	(186)	-	-	-	-	-	-	-
Undesignated Fund Balances - Budgetary Basis	$266,751	$ 19,386	$4,102	$ 9,033	$ 6,092	$ 3,855	$1,233	$ 43,701

29. SUBSEQUENT EVENTS

On July 9, 1986, and again on September 24, $4 million (total $8 million) of general obligation Family Farm Security Loan bonds were sold. These were the first and second in a series of an authorized issue of $20,000,000. The issues were sold at interest rates of 7.4% and 7.1% respectively. The issues are backed by the full faith and credit and taxing powers of the state of Minnesota.

On August 1, 1986, $236,500,000 of general obligation refunding bonds, backed by the full faith and credit and taxing powers of the state, were sold at a true interest cost rate of 6.87 percent. The proceeds of the sale were used to pay the cost of their issuance and to advance refund the following outstanding bonds:

	Advance Refund Amount	Date Issued	Original Issue Amount	Original Call Date	Interest Rates
	$ 67,500,000	November 1, 1980	$ 90,000,000	November 1, 2000	8.29 Percent
	112,000,000	March 1, 1984	125,000,000	March 1, 2004	8.61 Percent
	48,000,000	July 2, 1984	150,000,000	July 2, 1999	9.17 Percent
Total	$227,500,000		$365,000,000		

On September 29, 1986, the balance of loans payable from the Unemployment Compensation Fund (a fiduciary fund) to the United States Department of Labor (USDL) had been repaid and the last required interest payment was made. The remaining accrued interest of $2,193,054 will be forgiven if no further loans from the USDL are received before January 1, 1987. As of December 1, 1986 no USDL loans were received.

As required by the constitution and statute, transfers from the funds presented below were made on November 1 and December 1, 1986 to the separately invested Debt Service Fund to cover principal and interest maturing through July 1, 1988.

General	$109,632,038
Trunk Highway	15,572,800
Game and Fish	31,146
Maximum Effort School Loan	1,391,000
Building	14,779,349
Federal	11,226
Iron Range Resources and Rehabilitation	44,800
Nonappropriated Miscellaneous Special Revenue	59,785
Total Transfers to Debt Service	$141,522,144

The Maximum Effort School Loan Fund (a special revenue fund) did not have a sufficient balance in its loan repayment account to make the total required debt service transfer on November 1. The Laws of 1985, First Special Session, Chapter 12, Article 6, appropriated funds from the General Fund for this purpose, and $1,490,973 was provided and is included in the General Fund transfers above.

On November 1, 1986, the Minnesota Energy and Economic Development Authority (an enterprise fund) issued $2,750,000 in variable rate revenue bonds. The interest rate at the date of the sale was 8.88 percent.

Combining Financial Statements

This page intentionally left blank.

SPECIAL REVENUE FUNDS

The **Trunk Highway Fund** is supported by revenues from the Highway User Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The **Highway User Tax Distribution Fund** receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The **Other Transportation Funds** include two smaller transportation related funds.

> **State Airports Fund** uses revenue from aviation related taxes and fees to provide technical and financial assistance to municipal airports and to promote aviation safety, planning and regulation.
>
> **Transit Assistance Fund** accounts for assistance provided to support and improve mass transportation.

The **Federal Fund** receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The **Environmental Fund** accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems.

The **Natural Resources Funds** include three funds created for the purposes of preserving and improving the state's natural resources.

> **Game and Fish Fund** receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.
>
> **Minnesota Resources Fund** receives a portion of the cigarette and tobacco taxes which are appropriated for various natural resource development purposes.
>
> **Water Recreation Fund** receives marine gasoline taxes and watercraft registration permit fees which are appropriated for various water recreation related programs.

The **Maximum Effort School Loan Fund** receives bond proceeds and reimbursements from school districts to help finance school district construction projects.

The **Special Workers Compensation Fund** provides reimbursement for supplemental workers compensation benefits paid.

The **Iron Range Resources and Rehabilitation Fund** receives revenues from taconite taxes which are used to promote economic development in northeastern Minnesota.

The **Appropriated Miscellaneous Special Revenue Funds** include two smaller funds.

> **Public Health Fund** receives a portion of cigarette and tobacco taxes which are appropriated for public health related purposes.
>
> **Direct Appropriated Fund** is made up of numerous smaller accounts the revenues of which are dedicated to a variety of specific purposes.

The **Nonappropriated Miscellaneous Special Revenue Fund** includes numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

-	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	OTHER TRANSPORTATION	FEDERAL	ENVIRONMENTAL
ASSETS					
Cash	$ -	$ 9,317	$ 177	$ 52,042	$17,505
Investments	169,836	-	10,841	279	8,369
Accounts Receivable	5,651	4,433	313	6,546	1,680
Due from Other Funds	5,845	-	11,919	1,047	-
Accrued Income	2,446	-	163	-	260
Federal Aid Receivable	53,194	-	-	122,921	-
Inventories	13,088	-	-	-	-
Deferred Costs	-	-	-	-	688
Loans Receivable	-	-	2,077	-	-
Advances to Other Funds	-	-	-	-	-
Total Assets	$250,060	$13,750	$25,490	$182,835	$28,502
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 65,092	$ 2,363	$ 4,168	$135,860	$ 537
Payable to Other Funds	2,669	9,236	6,642	4,056	-
Payable to Other Governmental Units	-	-	-	9,545	-
Deferred Revenue	203	4	-	7,614	-
Advances from Other Funds	-	-	-	-	-
Total Liabilities	$ 67,964	$11,603	$10,810	$157,075	$ 537
Fund Balances:					
Reserved for Encumbrances	$ 20,233	$ 639	$ 5,486	$ -	$ 973
Reserved for Inventory	13,088	-	-	-	-
Reserved for Long-Term Receivables	-	-	2,025	-	-
Reserved for Long-Term Commitments	101,879	-	-	-	16,008
Reserved for Other	-	-	-	25,760	688
Total Reserved Fund Balances	$135,200	$ 639	$ 7,511	$ 25,760	$17,669
Unreserved Fund Balances:					
Designated for Appropriation Carryover	$ 18,725	$ -	$ 109	$ -	$ 3,942
Designated for Fund Purposes	-	-	-	-	-
Undesignated	28,171	1,508	7,060	-	6,354
Total Unreserved Fund Balances	$ 46,896	$ 1,508	$ 7,169	$ -	$10,296
Total Fund Balances	$182,096	$ 2,147	$14,680	$ 25,760	$27,965
Total Liabilities and Fund Balances	$250,060	$13,750	$25,490	$182,835	$28,502

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE		COMBINED TOTALS
				APPROPRIATED	NONAPPROPRIATED	
$13,274	$ 37	$ -	$ 273	$7,170	$50,526	$150,321
-	1,829	8,254	18,138	-	4,978	222,524
2,722	-	2,061	95	554	6,426	30,481
2,438	-	2,000	345	31	4,526	28,151
-	716	5	360	-	85	4,035
1,728	-	-	-	-	107	177,950
-	-	-	-	-	7,954	21,042
-	-	-	-	-	-	688
-	30,167	-	790	-	6,925	39,959
-	-	-	-	-	160	160
$20,162	$32,749	$ 12,320	$20,001	$7,755	$81,687	$675,311
$ 3,703	$ -	$ 59,072	$ 2,925	$2,548	$ 7,488	$283,756
2,513	-	-	-	3,129	1,622	29,867
-	-	-	-	-	-	9,545
-	-	-	-	-	9	7,830
-	-	-	-	-	1,790	1,790
$ 6,216	$ -	$ 59,072	$ 2,925	$5,677	$10,909	$332,788
$ 4,106	$ -	$ 95	$ 1,880	$ 845	$ 8,329	$ 42,586
-	-	-	-	-	7,954	21,042
-	30,831	-	790	-	6,925	40,571
-	-	-	332	-	-	118,219
-	-	-	-	-	-	26,448
$ 4,106	$30,831	$ 95	$ 3,002	$ 845	$23,208	$248,866
$ 227	$ -	$ -	$ -	$ -	$ -	$ 23,003
-	1,918	-	14,074	-	47,570	63,562
9,613	-	(46,847)	-	1,233	-	7,092
$ 9,840	$ 1,918	$(46,847)	$14,074	$1,233	$47,570	$ 93,657
$13,946	$32,749	$(46,752)	$17,076	$2,078	$70,778	$342,523
$20,162	$32,749	$ 12,320	$20,001	$7,755	$81,687	$675,311

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	OTHER TRANSPORTATION	FEDERAL	ENVIRONMENTAL
Revenues:					
Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -
Motor Vehicle License Taxes	-	239,144	-	-	-
Fuel Taxes	-	339,986	2,363	-	-
Other Taxes	-	-	6,455	-	20,618
Federal Revenues	225,005	-	-	1,483,341	-
License Fees	-	-	-	-	-
Care and Hospitalization	-	-	-	-	-
Tuition and Student Fees	-	-	-	-	-
Investment Income	13,154	-	1,404	910	628
Other Revenues	47,068	3,593	511	24,734	4,204
Gross Revenues	$ 285,227	$ 582,723	$10,733	$1,508,985	$25,450
Less Revenue Refunds	111	22,474	475	723	30
Net Revenues	$ 285,116	$ 560,249	$10,258	$1,508,262	$25,420
Expenditures:					
Current:					
Protection of Persons/Property	$ 42,199	$ 10,123	$ -	$ 10,127	$ -
Transportation	217,349	736	4,196	457	-
Resource Management	-	-	-	11,872	4,283
Economic/Manpower Development	-	-	-	78,062	-
Education	39	-	-	14,670	-
Health and Social Services	545	-	-	33,906	60
General Government	530	1,737	-	7,167	178
Total Current Expenditures	$ 260,662	$ 12,596	$ 4,196	$ 156,261	$ 4,521
Capital Outlay	354,949	462	193	2,883	96
Grants and Subsidies	735	47	13,542	1,323,319	-
Total Expenditures	$ 616,346	$ 13,105	$17,931	$1,482,463	$ 4,617
Excess of Revenues Over (Under) Expenditures	$(331,230)	$ 547,144	$(7,673)	$ 25,799	$20,803
Other Financing Sources (Uses):					
General Obligation Bonds	$ -	$ -	$ -	$ -	$ -
Operating Transfers-In	331,063	-	-	-	-
Operating Transfers to Debt Service	(17,295)	-	-	-	-
Other Operating Transfers-Out	-	(545,267)	-	(35)	(676)
Capital Leases	-	-	-	-	-
Other Uses	-	-	-	-	-
Net Other Financing Sources (Uses)	$ 313,768	$(545,267)	$ -	$ (35)	$ (676)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (17,462)	$ 1,877	$(7,673)	$ 25,764	$20,127
Fund Balances, July 1, 1985, as Reported	$ 197,342	$ 270	$22,353	$ -	$ 7,838
Prior Period Adjustments	2,244	-	-	-	-
Changes in Reporting Entity	-	-	-	(2)	-
Fund Balances, July 1, 1985, as Restated	$ 199,586	$ 270	$22,353	$ (2)	$ 7,838
Residual Equity Transfers-In	-	-	-	-	-
Residual Equity Transfers-Out	(700)	-	-	(2)	-
Changes in Inventory	672	-	-	-	-
Fund Balances, June 30, 1986	$ 182,096	$ 2,147	$14,680	$ 25,760	$27,965

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE		COMBINED TOTALS
				APPROPRIATED	NONAPPROPRIATED	
$ -	$ -	$ -	$ -	$ 1,850	$ -	$ 1,850
-	-	-	-	-	-	239,144
-	-	-	-	-	-	342,349
8,676	-	72,982	12,358	3,907	2,199	127,195
6,550	-	-	-	3,117	349	1,718,362
27,809	-	-	-	6,324	8,635	42,768
-	-	-	-	4,605	-	4,605
-	-	-	-	-	18	18
517	1,447	1,699	1,247	-	3,609	24,615
726	-	284	1,019	3,686	43,969	129,794
$44,278	$ 1,447	$ 74,965	$14,624	$23,489	$58,779	$2,630,700
46	-	96	143	85	370	24,553
$44,232	$ 1,447	$ 74,869	$14,481	$23,404	$58,409	$2,606,147
$ -	$ -	$ -	$ -	$ -	$ 244	$ 62,693
-	-	-	-	-	26	222,764
34,979	-	-	-	1,301	11,262	63,697
413	-	6,815	6,054	1,239	9,765	102,348
-	10	-	-	36	7,152	21,907
91	-	-	-	13,703	15,215	63,520
313	-	1,776	-	4,636	6,097	22,434
$35,796	$ 10	$ 8,591	$ 6,054	$20,915	$49,761	$ 559,363
3,539	-	307	4,300	169	2,410	369,308
5,306	77	60,747	4,323	1,146	9,072	1,418,314
$44,641	$ 87	$ 69,645	$14,677	$22,230	$61,243	$2,346,985
$ (409)	$ 1,360	$ 5,224	$ (196)	$ 1,174	$(2,834)	$ 259,162
$ -	$ 1,250	$ -	$ -	$ -	$ -	$ 1,250
4,796	-	-	1,406	4,032	8,958	350,255
(38)	(1,574)	-	-	-	(203)	(19,110)
-	-	-	-	-	(1,391)	(547,369)
-	-	116	-	-	-	116
-	-	-	-	-	(5,834)	(5,834)
$ 4,758	$ (324)	$ 116	$ 1,406	$ 4,032	$ 1,530	$ (220,692)
$ 4,349	$ 1,036	$ 5,340	$ 1,210	$ 5,206	$(1,304)	$ 38,470
$ 8,435	$31,713	$(52,092)	$15,911	$ -	$68,113	$ 299,883
-	-	-	-	-	-	2,244
-	-	-	-	-	(312)	(314)
$ 8,435	$31,713	$(52,092)	$15,911	$ -	$67,801	$ 301,813
1,162	-	-	-	-	11	1,173
-	-	-	(45)	(3,128)	(1,162)	(5,037)
-	-	-	-	-	5,432	6,104
$13,946	$32,749	$(46,752)	$17,076	$ 2,078	$70,778	$ 342,523

STATE OF MINNESOTA
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
APPROPRIATED SPECIAL REVENUE FUNDS - BUDGETARY BASIS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	TRUNK HIGHWAY FUND			HIGHWAY USER TAX DISTRIBUTION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Motor Vehicle License Taxes	-	-	-	231,930	239,144	7,214
Fuel Taxes	-	-	-	347,576	340,103	(7,473)
Other Taxes	-	-	-	-	-	-
Federal Revenues	257,117	211,900	(45,217)	-	-	-
License Fees	-	-	-	-	-	-
Care and Hospitalization	-	-	-	-	-	-
Investment Income	12,500	13,177	677	-	-	-
Other Revenues	34,804	50,485	15,681	-	3,591	3,591
Gross Revenues	$ 304,421	$ 275,562	$(28,859)	$ 579,506	$ 582,838	$ 3,332
Less Revenue Refunds	795	647	148	19,551	22,277	(2,726)
Net Revenues	$ 303,626	$ 274,915	$(28,711)	$ 559,955	$ 560,561	$ 606
Expenditures:						
Current:						
Protection of Persons/Property	$ 46,479	$ 44,842	$ 1,637	$ 12,638	$ 11,058	$ 1,580
Transportation	225,357	227,542	(2,185)	348	318	30
Resource Management	-	-	-	-	-	-
Economic/Manpower Development	-	-	-	-	-	-
Education	35	37	(2)	-	-	-
Health and Social Services	550	559	(9)	-	-	-
General Government	756	756	-	1,352	1,352	-
Total Current Expenditures	$ 273,177	$ 273,736	$ (559)	$ 14,338	$ 12,728	$ 1,610
Capital Outlay	365,887	326,996	38,891	140	138	2
Grants and Subsidies	326	381	(55)	70	96	(26)
Total Expenditures	$ 639,390	$ 601,113	$ 38,277	$ 14,548	$ 12,962	$ 1,586
Excess of Revenues Over (Under) Expenditures	$(335,764)	$(326,198)	$ 9,566	$ 545,407	$ 547,599	$ 2,192
Other Sources (Uses):						
Operating Transfers-In	$ 333,597	$ 331,819	$ (1,778)	$ (6,803)	$ (6,322)	$ 481
Operating Transfers to Debt Service	(17,153)	(17,153)	-	-	-	-
Other Operating Transfers-Out	(700)	(700)	-	(541,463)	(538,610)	2,853
Net Other Sources (Uses)	$ 315,744	$ 313,966	$ (1,778)	$(548,266)	$(544,932)	$ 3,334
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (20,020)	$ (12,232)	$ 7,788	$ (2,859)	$ 2,667	$ 5,526
Fund Balances, July 1, 1985	50,772	50,772	-	1,147	1,147	-
Prior Period Adjustments	-	(429)	(429)	-	288	288
Total Fund Balances, June 30, 1986	$ 30,752	$ 38,111	$ 7,359	$ (1,712)	$ 4,102	$ 5,814
Less Appropriation Carryover	18,725	18,725	-	-	-	-
Undesignated Fund Balances, June 30, 1986	$ 12,027	$ 19,386	$ 7,359	$ (1,712)	$ 4,102	$ 5,814

STATE OF MINNESOTA
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDIT
AND CHANGES IN FUND BALANCES
APPROPRIATED SPECIAL REVENUE FUNDS - BUDGETARY BASIS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

OTHER TRANSPORTATION FUNDS			ENVIRONMENTAL FUND			NATURAL RESOUR	
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
2,848	2,363	(485)	-	-	-	-	-
7,402	6,456	(946)	30,506	20,618	(9,888)	8,655	8,676
-	-	-	-	-	-	5,747	5,747
-	-	-	-	-	-	28,015	27,969
-	-	-	-	-	-	-	-
600	1,404	804	756	627	(129)	517	517
-	500	500	3,941	4,305	364	877	937
$10,850	$10,723	$(127)	$35,203	$25,550	$ (9,653)	$43,811	$43,846
88	467	(379)	34	33	1	51	47
$10,762	$10,256	$(506)	$35,169	$25,517	$ (9,652)	$43,760	$43,799
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3,410	4,180	(770)	-	1	(1)	-	-
-	-	-	34,208	5,025	29,183	36,526	35,359
-	-	-	816	60	756	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	182	178	4	25	35
$ 3,410	$ 4,180	$(770)	$35,206	$ 5,264	$ 29,942	$36,551	$35,394
1,250	322	928	947	956	(9)	7,110	5,731
13,875	13,224	651	-	-	-	5,344	5,276
$18,535	$17,726	$ 809	$36,153	$ 6,220	$ 29,933	$49,005	$46,401
$(7,773)	$(7,470)	$ 303	$ (984)	$19,297	$ 20,281	$(5,245)	$(2,602)
$ -	$ 2	$ 2	$ -	$ -	$ -	$ 6,391	$ 7,499
-	(19)	(19)	-	-	-	-	-
-	-	-	-	(676)	(676)	(2,593)	(2,593)
$ -	$ (17)	$ (17)	$ -	$ (676)	$ (676)	$ 3,798	$ 4,906
$(7,773)	$(7,487)	$ 286	$ (984)	$18,621	$ 19,605	$(1,447)	$ 2,304
16,362	16,362	-	9,525	7,357	(2,168)	1,408	1,408
-	267	267	30	64	34	365	370
$ 8,589	$ 9,142	$ 553	$ 8,571	$26,042	$ 17,471	$ 326	$ 4,082
-	109	(109)	-	19,950	(19,950)	130	227
$ 8,589	$ 9,033	$ 444	$ 8,571	$ 6,092	$ (2,479)	$ 196	$ 3,855

RES

ES FUNDS	MISCELLANEOUS SPECIAL REVENUE APPROPRIATED FUNDS			COMBINED TOTALS		
VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ 3,783	$ 1,850	$(1,933)	$ 3,783	$ 1,850	$ (1,933)
-	-	-	-	231,930	239,144	7,214
-	-	-	-	350,424	342,466	(7,958)
21	3,911	3,907	(4)	50,474	39,657	(10,817)
-	3,066	3,117	51	265,930	220,764	(45,166)
(46)	7,129	6,324	(805)	35,144	34,293	(851)
-	4,070	4,605	535	4,070	4,605	535
-	-	-	-	14,373	15,725	1,352
60	4,336	3,687	(649)	43,958	63,505	19,547
$ 35	$26,295	$23,490	$(2,805)	$1,000,086	$ 962,009	$(38,077)
4	88	85	3	20,607	23,556	(2,949)
$ 39	$26,207	$23,405	$(2,802)	$ 979,479	$ 938,453	$(41,026)
$ -	$ -	$ -	$ -	$ 59,117	$ 55,900	$ 3,217
-	-	-	-	229,115	232,041	(2,926)
1,167	1,360	1,305	55	72,094	41,689	30,405
-	1,267	1,248	19	2,083	1,308	775
-	55	36	19	90	73	17
-	14,040	13,901	139	14,590	14,460	130
(10)	4,829	4,693	136	7,144	7,014	130
$1,157	$21,551	$21,183	$ 368	$ 384,233	$ 352,485	$ 31,748
1,379	344	321	23	375,678	334,464	41,214
68	1,645	1,572	73	21,260	20,549	711
$2,604	$23,540	$23,076	$ 464	$ 781,171	$ 707,498	$ 73,673
$2,643	$ 2,667	$ 329	$(2,338)	$ 198,308	$ 230,955	$ 32,647
$1,108	$ 4,237	$ 4,032	$ (205)	$ 337,422	$ 337,030	$ (392)
-	-	-	-	(17,153)	(17,172)	(19)
-	(5,912)	(3,128)	2,784	(550,668)	(545,707)	4,961
$1,108	$(1,675)	$ 904	$ 2,579	$ (230,399)	$(225,849)	$ 4,550
$3,751	$ 992	$ 1,233	$ 241	$ (32,091)	$ 5,106	$ 37,197
-	-	-	-	79,214	77,046	(2,168)
5	-	-	-	395	560	165
$3,756	$ 992	$ 1,233	$ 241	$ 47,518	$ 82,712	$ 35,194
(97)	-	-	-	18,855	39,011	(20,156)
$3,659	$ 992	$ 1,233	$ 241	$ 28,663	$ 43,701	$ 15,038

This page intentionally left blank.

STATE OF MINNESOTA
OTHER TRANSPORTATION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	STATE AIRPORTS	TRANSIT ASSISTANCE	COMBINED TOTALS
ASSETS			
Cash	$ -	$ 177	$ 177
Investments	8,594	2,247	10,841
Accounts Receivable	313	-	313
Due from Other Funds	202	11,717	11,919
Accrued Investment Income	83	80	163
Loans Receivable	2,077	-	2,077
Total Assets	$11,269	$14,221	$25,490
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 3,785	$ 383	$ 4,168
Payable to Other Funds	-	6,642	6,642
Total Liabilities	$ 3,785	$ 7,025	$10,810
Fund Balances:			
Reserved for Encumbrances	$ 5,007	$ 479	$ 5,486
Reserved for Long-Term Receivables	2,025	-	2,025
Total Reserved Fund Balances	$ 7,032	$ 479	$ 7,511
Unreserved Fund Balances:			
Designated for Appropriation Carryover	$ 109	$ -	$ 109
Undesignated	343	6,717	7,060
Total Unreserved Fund Balances	$ 452	$ 6,717	$ 7,169
Total Fund Balances	$ 7,484	$ 7,196	$14,680
Total Liabilities and Fund Balances	$11,269	$14,221	$25,490

STATE OF MINNESOTA
OTHER TRANSPORTATION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	STATE AIRPORTS	TRANSIT ASSISTANCE	COMBINED TOTALS
Revenues:			
Fuel Taxes	$ 2,363	$ -	$ 2,363
Air Carrier Taxes	4,807	-	4,807
Other Taxes	1,648	-	1,648
Investment Income	633	771	1,404
Other Revenues	511	-	511
Gross Revenues	$ 9,962	$ 771	$10,733
Less Revenue Refunds	475	-	475
Net Revenues	$ 9,487	$ 771	$10,258
Expenditures:			
Current:			
Transportation	$ 4,196	$ -	$ 4,196
Total Current Expenditures	$ 4,196	$ -	$ 4,196
Capital Outlay	193	-	193
Grants and Subsidies	7,452	6,090	13,542
Total Expenditures	$11,841	$ 6,090	$17,931
Excess of Revenues Over (Under) Expenditures	$(2,354)	$(5,319)	$(7,673)
Fund Balances, July 1, 1985	9,838	12,515	22,353
Fund Balances, June 30, 1986	$ 7,484	$ 7,196	$14,680

STATE OF MINNESOTA
OTHER TRANSPORTATION FUNDS
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	STATE AIRPORTS			TRANSIT ASSISTANCE			COMBINED TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:									
Fuel Taxes	$ 2,848	$ 2,363	$ (485)	$ -	$ -	$ -	$ 2,848	$ 2,363	$(485)
Air Carrier Taxes	5,200	4,807	(393)	-	-	-	5,200	4,807	(393)
Other Taxes	2,202	1,649	(553)	-	-	-	2,202	1,649	(553)
Investment Income	600	633	33	-	771	771	600	1,404	804
Other Revenues	-	500	500	-	-	-	-	500	500
Gross Revenues	$10,850	$ 9,952	$ (898)	$ -	$ 771	$ 771	$10,850	$10,723	$(127)
Less Revenue Refunds	88	467	(379)	-	-	-	88	467	(379)
Net Revenues	$10,762	$ 9,485	$(1,277)	$ -	$ 771	$ 771	$10,762	$10,256	$(506)
Expenditures:									
Current:									
Transportation	$ 3,410	$ 4,180	$ (770)	$ -	$ -	$ -	$ 3,410	$ 4,180	$(770)
Total Current Expenditures	$ 3,410	$ 4,180	$ (770)	$ -	$ -	$ -	$ 3,410	$ 4,180	$(770)
Capital Outlay	1,250	322	928	-	-	-	1,250	322	928
Grants and Subsidies	7,318	6,923	395	6,557	6,301	256	13,875	13,224	651
Total Expenditures	$11,978	$11,425	$ 553	$ 6,557	$ 6,301	$ 256	$18,535	$17,726	$ 809
Excess of Revenues Over (Under) Expenditures	$(1,216)	$(1,940)	$ (724)	$(6,557)	$(5,530)	$1,027	$(7,773)	$(7,470)	$ 303
Other Sources (Uses):									
Operating Transfers-In	$ -	$ 2	$ 2	$ -	$ -	$ -	$ -	$ 2	$ 2
Operating Transfers to Debt Service	-	(19)	(19)	-	-	-	-	(19)	(19)
Net Other Sources (Uses)	$ -	$ (17)	$ (17)	$ -	$ -	$ -	$ -	$ (17)	$ (17)
Excess of Revenues Over (Under) Expenditures and Net Other Sources (Uses)	$(1,216)	$(1,957)	$ (741)	$(6,557)	$(5,530)	$1,027	$(7,773)	$(7,487)	$ 286
Fund Balances, July 1, 1985	4,115	4,115	-	12,247	12,247	-	16,362	16,362	-
Prior Year Adjustments	-	267	267	-	-	-	-	267	267
Fund Balances, June 30, 1986	$ 2,899	$ 2,425	$ (474)	$ 5,690	$ 6,717	$1,027	$ 8,589	$ 9,142	$ 553
Less Appropriation Carryover	-	109	(109)	-	-	-	-	109	(109)
Undesignated Fund Balances, June 30, 1986	$ 2,899	$ 2,316	$ (583)	$ 5,690	$ 6,717	$1,027	$ 8,589	$ 9,033	$ 444

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA RESOURCES	WATER RECREATION	GAME AND FISH	COMBINED TOTALS
ASSETS				
Cash	$5,958	$1,982	$5,334	$13,274
Accounts Receivable	779	-	1,943	2,722
Due from Other Funds	326	2,077	35	2,438
Federal Aid Receivable	-	-	1,728	1,728
Total Assets	$7,063	$4,059	$9,040	$20,162
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 361	$ 494	$2,848	$ 3,703
Payable to Other Funds	2,500	-	13	2,513
Total Liabilities	$2,861	$ 494	$2,861	$ 6,216
Fund Balances:				
Reserved for Encumbrances	$ 648	$1,143	$2,315	$ 4,106
Total Reserved Fund Balances	$ 648	$1,143	$2,315	$ 4,106
Unreserved Fund Balances:				
Designated for Appropriation Carryover	$ -	$ 76	$ 151	$ 227
Undesignated	3,554	2,346	3,713	9,613
Total Unreserved Fund Balances	$3,554	$2,422	$3,864	$ 9,840
Total Fund Balances	$4,202	$3,565	$6,179	$13,946
Total Liabilities and Fund Balances	$7,063	$4,059	$9,040	$20,162

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA RESOURCES	WATER RECREATION	GAME AND FISH	COMBINED TOTALS
Revenues:				
Tobacco Taxes	$8,676	$ -	$ -	$ 8,676
Federal Revenues	1,118	-	5,432	6,550
License Fees	-	2,707	25,102	27,809
Investment Income	-	-	517	517
Other Revenues	110	25	591	726
Gross Revenues	$9,904	$ 2,732	$31,642	$44,278
Less Revenue Refunds	-	18	28	46
Net Revenues	$9,904	$ 2,714	$31,614	$44,232
Expenditures:				
Current:				
Resource Management	$2,173	$ 3,306	$29,500	$34,979
Economic/Manpower Development	413	-	-	413
Health and Social Services	91	-	-	91
General Government	257	-	56	313
Total Current Expenditures	$2,934	$ 3,306	$29,556	$35,796
Capital Outlay	256	318	2,965	3,539
Grants and Subsidies	2,973	987	1,346	5,306
Total Expenditures	$6,163	$ 4,611	$33,867	$44,641
Excess of Revenues Over (Under) Expenditures	$3,741	$(1,897)	$(2,253)	$ (409)
Other Financing Sources (Uses):				
Operating Transfers-In	$ 461	$ 4,300	$ 35	$ 4,796
Operating Transfers to Debt Service	-	-	(38)	(38)
Net Other Financing Sources (Uses)	$ 461	$ 4,300	$ (3)	$ 4,758
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$4,202	$ 2,403	$(2,256)	$ 4,349
Fund Balances, July 1, 1985	-	-	8,435	8,435
Residual Equity Transfers-In	-	1,162	-	1,162
Fund Balances, June 30, 1986	$4,202	$ 3,565	$ 6,179	$13,946

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA RESOURCES			WATER RECREATION
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET
Revenues:				
Tobacco Taxes	$ 8,655	$ 8,676	$ 21	$ -
Federal Revenues	-	-	-	-
License Fees	-	-	-	2,753
Investment Income	-	-	-	-
Other Revenues	160	270	110	27
Gross Revenues	$ 8,815	$ 8,946	$ 131	$ 2,780
Less Revenue Refunds	-	-	-	22
Net Revenues	$ 8,815	$ 8,946	$ 131	$ 2,758
Expenditures:				
Current:				
Resource Management	$ 5,462	$ 3,280	$2,182	$ 2,582
General Government	-	-	-	-
Total Current Expenditures	$ 5,462	$ 3,280	$2,182	$ 2,582
Capital Outlay	440	316	124	2,271
Grants and Subsidies	3,366	3,375	(9)	994
Total Expenditures	$ 9,268	$ 6,971	$2,297	$ 5,847
Excess of Revenues Over (Under) Expenditures	$ (453)	$ 1,975	$2,428	$(3,089)
Other Sources (Uses):				
Operating Transfers-In	$ 2,997	$ 4,079	$1,082	$ 3,394
Operating Transfers-Out	(2,500)	(2,500)	-	
Net Other Sources (Uses)	$ 497	$ 1,579	$1,082	$ 3,394
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 44	$ 3,554	$3,510	$ 305
Fund Balances, July 1, 1985	-	-	-	-
Prior Year Adjustments	-	-	-	-
Fund Balances, June 30, 1986	$ 44	$ 3,554	$3,510	$ 305
Less Appropriation Carryover	-	-	-	17
Undesignated Fund Balances, June 30, 1986	$ 44	$ 3,554	$3,510	$ 288

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

WATER RECREATION (Cont.)		GAME AND FISH			COMBINED TOTALS		
ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ -	$ -	$ 8,655	$ 8,676	$ 21
-	-	5,747	5,747	-	5,747	5,747	-
2,707	(46)	25,262	25,262	-	28,015	27,969	(46)
-	-	517	517	-	517	517	-
26	(1)	690	641	(49)	877	937	60
$ 2,733	$ (47)	$32,216	$32,167	$ (49)	$43,811	$43,846	$ 35
18	4	29	29	-	51	47	4
$ 2,715	$ (43)	$32,187	$32,138	$ (49)	$43,760	$43,799	$ 39
$ 3,051	$(469)	$28,482	$29,028	$ (546)	$36,526	$35,359	$1,167
-	-	25	35	(10)	25	35	(10)
$ 3,051	$(469)	$28,507	$29,063	$ (556)	$36,551	$35,394	$1,157
1,711	560	4,399	3,704	695	7,110	5,731	1,379
992	2	984	909	75	5,344	5,276	68
$ 5,754	$ 93	$33,890	$33,676	$ 214	$49,005	$46,401	$2,604
$(3,039)	$ 50	$(1,703)	$(1,538)	$ 165	$(5,245)	$(2,602)	$2,643
$ 3,385	$ (9)	$ -	$ 35	$ 35	$ 6,391	$ 7,499	$1,108
-	-	(93)	(93)	-	(2,593)	(2,593)	-
$ 3,385	$ (9)	$ (93)	$ (58)	$ 35	$ 3,798	$ 4,906	$1,108
$ 346	$ 41	$(1,796)	$(1,596)	$ 200	$(1,447)	$ 2,304	$3,751
-	-	1,408	1,408	-	1,408	1,408	-
-	-	365	370	5	365	370	5
$ 346	$ 41	$ (23)	$ 182	$ 205	$ 326	$ 4,082	$3,756
76	(59)	113	151	(38)	130	227	(97)
$ 270	$ (18)	$ (136)	$ 31	$ 167	$ 196	$ 3,855	$3,659

STATE OF MINNESOTA
APPROPRIATED MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	PUBLIC HEALTH	DIRECT APPROPRIATED	COMBINED TOTALS
ASSETS			
Cash	$2,291	$4,879	$7,170
Accounts Receivable	389	165	554
Due from Other Funds	-	31	31
Total Assets	$2,680	$5,075	$7,755
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 885	$1,663	$2,548
Payable to Other Funds	1	3,128	3,129
Total Liabilities	$ 886	$4,791	$5,677
Fund Balances:			
Reserved for Encumbrances	$ 561	$ 284	$ 845
Total Reserved Fund Balances	$ 561	$ 284	$ 845
Unreserved Fund Balances:			
Undesignated	$1,233	$ -	$1,233
Total Unreserved Fund Balances	$1,233	$ -	$1,233
Total Fund Balances	$1,794	$ 284	$2,078
Total Liabilities and Fund Balances	$2,680	$5,075	$7,755

STATE OF MINNESOTA
APPROPRIATED MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	PUBLIC HEALTH	DIRECT APPROPRIATED	COMBINED TOTALS
Revenues:			
Corporate Income Taxes	$ -	$ 1,850	$ 1,850
Tobacco Taxes	3,907	-	3,907
Federal Revenues	-	3,117	3,117
License Fees	-	6,324	6,324
Care and Hospitalization	-	4,605	4,605
Other Revenues	-	3,686	3,686
Gross Revenues	$3,907	$19,582	$23,489
Less Revenue Refunds	-	85	85
Net Revenues	$3,907	$19,497	$23,404
Expenditures:			
Current:			
Resource Management	$ 135	$ 1,166	$ 1,301
Economic/Manpower Development	-	1,239	1,239
Education	36	-	36
Health and Social Services	774	12,929	13,703
General Government	-	4,636	4,636
Total Current Expenditures	$ 945	$19,970	$20,915
Capital Outlay	22	147	169
Grants and Subsidies	1,146	-	1,146
Total Expenditures	$2,113	$20,117	$22,230
Excess of Revenues Over (Under) Expenditures	$1,794	$ (620)	$ 1,174
Other Financing Sources:			
Operating Transfers-In	$ -	$ 4,032	$ 4,032
Total Other Financing Sources	$ -	$ 4,032	$ 4,032
Excess of Revenues and Other Sources Over Expenditures	$1,794	$ 3,412	$ 5,206
Fund Balances, July 1, 1985	$ -	$ -	$ -
Residual Equity Transfers-Out	-	(3,128)	(3,128)
Fund Balances, June 30, 1986	$1,794	$ 284	$ 2,078

STATE OF MINNESOTA
APPROPRIATED MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	PUBLIC HEALTH			DIRECT APPROPRIATED			COMBINED TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:									
Corporate Income Taxes	$ -	$ -	$ -	$ 3,783	$ 1,850	$(1,933)	$ 3,783	$ 1,850	$(1,933)
Tobacco Taxes	3,911	3,907	(4)	-	-	-	3,911	3,907	(4)
Federal Revenues	-	-	-	3,066	3,117	51	3,066	3,117	51
License Fees	-	-	-	7,129	6,324	(805)	7,129	6,324	(805)
Care and Hospitalizaton	-	-	-	4,070	4,605	535	4,070	4,605	535
Other Revenues	-	-	-	4,336	3,687	(649)	4,336	3,687	(649)
Gross Revenues	$3,911	$3,907	$ (4)	$22,384	$19,583	$(2,801)	$26,295	$23,490	$(2,805)
Less Revenue Refunds	-	-	-	88	85	3	88	85	3
Net Revenues	$3,911	$3,907	$ (4)	$22,296	$19,498	$(2,798)	$26,207	$23,405	$(2,802)
Expenditures:									
Current:									
Resource Management	$ 178	$ 138	$ 40	$ 1,182	$ 1,167	$ 15	$ 1,360	$ 1,305	$ 55
Economic/Manpower Development	-	-	-	1,267	1,248	19	1,267	1,248	19
Education	55	36	19	-	-	-	55	36	19
Health and Social Services	1,011	879	132	13,029	13,022	7	14,040	13,901	139
General Government	-	-	-	4,829	4,693	136	4,829	4,693	136
Total Current Expenditures	$1,244	$1,053	$191	$20,307	$20,130	$ 177	$21,551	$21,183	$ 368
Capital Outlay	30	49	(19)	314	272	42	344	321	23
Grants and Subsidies	1,645	1,572	73	-	-	-	1,645	1,572	73
Total Expenditures	$2,919	$2,674	$245	$20,621	$20,402	$ 219	$23,540	$23,076	$ 464
Excess of Revenues Over (Under) Expenditures	$ 992	$1,233	$241	$ 1,675	$ (904)	$(2,579)	$ 2,667	$ 329	$(2,338)
Other Sources (Uses):									
Operating Transfers-In	$ -	$ -	$ -	$ 4,237	$ 4,032	$ (205)	$ 4,237	$ 4,032	$ (205)
Operating Transfers-Out	-	-	-	(5,912)	(3,128)	2,784	(5,912)	(3,128)	2,784
Net Other Sources (Uses)	$ -	$ -	$ -	$(1,675)	$ 904	$ 2,579	$(1,675)	$ 904	$ 2,579
Excess of Revenues Over Expenditures and Net Other Sources (Uses)	$ 992	$1,233	$241	$ -	$ -	$ -	$ 992	$ 1,233	$ 241
Fund Balances, July 1, 1985	-	-	-	-	-	-	-	-	-
Undesignated Fund Balances, June 30, 1986	$ 992	$1,233	$241	$ -	$ -	$ -	$ 992	$ 1,233	$ 241

CAPITAL PROJECTS FUNDS

The **General Project Fund** receives monies appropriated from the General Fund for maintenance, building, or capital improvement projects.

The **Transportation Fund** receives proceeds of transportation bonds, General Fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The **Building Fund** receives revenue from the sale of state bonds to provide funds for the maintenance, acquisition and betterment of public lands and buildings and for grants and loans to local governments.

STATE OF MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	COMBINED TOTALS
ASSETS				
Cash	$16,040	$17,699	$ -	$ 33,739
Investments	-	-	95,069	95,069
Accrued Income	-	-	1,938	1,938
Federal Aid Receivable	-	367	-	367
Deferred Costs	-	-	1 800	1,800
Loans Receivable	300	-	18,150	18,450
Total Assets	$16,340	$18,066	$116,957	$151,363
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 1,343	$ 684	$ 18,535	$ 20,562
Payable to Other Funds	-	2,244	10,738	12,982
Total Liabilities	$ 1,343	$ 2,928	$ 29,273	$ 33,544
Fund Balances:				
Reserved for Long-Term Receivables	$ 300	$ -	$ 15,888	$ 16,188
Reserved for Long-Term Commitments	14,697	2,772	69,996	87,465
Reserved for Other	-	-	1,800	1,800
Total Reserved Fund Balances	$14,997	$ 2,772	$ 87,684	$105,453
Unreserved Fund Balances:				
Designated for Appropriation Carryover	-	12,366	-	12,366
Total Fund Balances	$14,997	$15,138	$ 87,684	$117,819
Total Liabilities and Fund Balances	$16,340	$18,066	$116,957	$151,363

STATE OF MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	COMBINED TOTALS
Revenues:				
Federal Revenues	$ -	$ 1,117	$ -	$ 1,117
Other Intergovernmental Revenues	-	-	11	11
Investment Income	-	-	11,851	11,851
Other Revenues	-	79	8	87
Total Revenues	$ -	$ 1,196	$ 11,870	$ 13,066
Expenditures:				
Current:				
Protection of Persons/Property	$ 21	$ -	$ -	$ 21
Transportation	-	4	1	5
Resource Management	2	-	2,770	2,772
Economic/Manpower Development	8	-	-	8
Education	2,923	-	1,680	4,603
General Government	4,146	-	5,735	9,881
Total Current Expenditures	$ 7,100	$ 4	$ 10,186	$ 17,290
Capital Outlay	2,376	4,155	43,897	50,428
Grants and Subsidies	3,314	7,165	76,183	86,662
Total Expenditures	$ 12,790	$ 11,324	$ 130,266	$ 154,380
Excess of Revenues Over (Under) Expenditures	$(12,790)	$(10,128)	$(118,396)	$(141,314)
Other Financing Sources (Uses):				
General Obligation Bonds	$ -	$ 11,500	$ 137,250	$ 148,750
Operating Transfers-In	-	-	50	50
Operating Transfers to Debt Service	-	-	(10,854)	(10,854)
Other Operating Transfers-Out	(50)	-	-	(50)
Net Other Financing Sources (Uses)	$ (50)	$ 11,500	$ 126,446	$ 137,896
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$(12,840)	$ 1,372	$ 8,050	$ (3,418)
Fund Balances, July 1, 1985, as Reported	$ 30,668	$ 16,010	$ 81,321	$ 127,999
Prior Period Adjustments	-	(2,244)	-	(2,244)
Fund Balance, July 1, 1985, as Restated	$ 30,668	$ 13,766	$ 81,321	$ 125,755
Residual Equity Transfers-Out	(2,831)	-	(1,687)	(4,518)
Fund Balances, June 30, 1986	$ 14,997	$ 15,138	$ 87,684	$ 117,819

This page intentionally left blank.

ENTERPRISE FUNDS

The **Housing Finance Agency Loan Funds** provide money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The **Higher Education Facilities Authority Fund** assists private nonprofit, nonsectarian post secondary educational institutions in financing construction of education facilities.

The **State University Board Revenue Fund** constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The **Higher Education Coordinating Board Student Loan Fund** makes loans, under several programs, to qualified post secondary students.

The **Minnesota Energy and Economic Development Authority Fund** assists economic growth through business expansion and the development of energy alternatives by providing loans to Minnesota businesses.

The **College and University Enterprise Activities Fund** includes the various auxiliary enterprise and student loan programs operated by the state universities and community colleges.

The **Minnesota Correctional Industries Fund** facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The **Minnesota Zoological Garden Fund** accounts for the operation of the Minnesota Zoological Garden.

The **Enterprise Activities Fund** includes various minor activities providing services to the general public or local governmental units.

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY	STATE UNIVERSITY BOARD REVENUE
	HOUSING DEVELOPMENT	PROGRAMS		
ASSETS				
Current Assets:				
Cash	$ -	$ -	$ 23	$ -
Investments	162,556	306,461	770	17,237
Accounts Receivable	1,500	1,625	-	441
Accrued Income	1,219	18,679	12	733
Inventories	-	2,593	-	-
Notes Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Deferred Costs	8	31,193	-	-
Other Current Assets	-	-	3	-
Total Current Assets	$165,283	$ 360,551	$ 808	$18,411
Restricted Assets:				
Restricted for Debt Service	$ -	$ 246,116	$ 32,008	$ 4,434
Other	-	14,861	403	9,099
Total Restricted Assets	$ -	$ 260,977	$ 32,411	$13,533
Noncurrent Assets:				
Loans Receivable	$ 24,638	$1,247,834	$ 31,412	$ -
Financing Leases Receivable	-	-	43,240	-
Advances to Other Funds	-	-	-	10
Fixed Assets (Net)	763	-	12	44,378
Total Noncurrent Assets	$ 25,401	$1,247,834	$ 74,664	$44,388
Total Assets	$190,684	$1,869,362	$107,883	$76,332
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current Liabilities:				
Accounts Payable	$ 2,048	$ 254	$ 10	$ 13
Accrued Interest Payable	-	-	-	-
Compensated Absences Payable	183	-	-	-
Advances from Other Funds	-	-	-	80
Deferred Revenue	12,514	330	196	851
Funds Held in Trust	105,131	410	-	-
Total Current Liabilities	$119,876	$ 994	$ 206	$ 944
Payable from Restricted Assets:				
Accounts Payable	$ -	$ -	$ -	$ 1,277
Revenue Bonds Payable	-	52,085	5,020	1,075
Revenue Bonds Interest Payable	-	63,558	1,722	312
General Obligation Bonds Payable	-	-	-	580
General Obligation Bonds Interest Payable	-	-	-	244
Other	-	-	221	-
Total Payable from Restricted Assets	$ -	$ 115,643	$ 6,963	$ 3,488
Noncurrent Liabilities:				
General Obligation Bonds Payable	$ -	$ -	$ -	$13,019
Revenue Bonds Payable	-	1,547,767	98,428	27,770
Compensated Absences Payable	19	-	-	400
Advances from Other Funds	-	-	-	80
Capital Leases Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Total Noncurrent Liabilities	$ 19	$1,547,767	$ 98,428	$41,269
Total Liabilities	$119,895	$1,664,404	$105,597	$45,701
Fund Equity:				
Contributed Capital	$ -	$ -	$ -	$ 6,143
Reserved Retained Earnings:				
Reserved for Debt Requirements	$ -	$ 6,727	$ 1,672	$ 9,645
Reserved per State Law	45,729	70,033	-	-
Total Reserved Retained Earnings	$ 45,729	$ 76,760	$ 1,672	$ 9,645
Unreserved Retained Earnings	25,060	128,198	614	14,843
Total Retained Earnings	$ 70,789	$ 204,958	$ 2,286	$24,488
Total Fund Equity	$ 70,789	$ 204,958	$ 2,286	$30,631
Total Liabilities and Fund Equity	$190,684	$1,869,362	$107,383	$76,332

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ZOOLOGICAL GARDEN	ENTERPRISE ACTIVITIES	COMBINED TOTALS
$ 2,281	$ 99	$ 2,775	$ 144	$ 2,057	$ 566	$ 7,945
194,859	107,683	3,901	1,680	-	-	795,147
-	-	1,095	1,447	81	589	6,778
8,797	822	54	41	-	-	30,357
-	-	1,951	4,955	400	175	10,074
-	-	-	296	-	-	296
23,000	557	9,415	-	-	-	32,972
1,028	-	176	20	-	9	32,434
-	-	26	-	-	-	29
$229,965	$109,161	$19,393	$ 8,583	$ 2,538	$1,339	$ 916,032
$ 98,068	$ -	$ -	$ -	$ -	$ -	$ 380,626
-	10,357	-	-	179	-	34,899
$ 98,068	$ 10,357	$ -	$ -	$ 179	$ -	$ 415,525
$138,951	$ 20,094	$18,678	$ -	$ -	$ -	$1,481,607
-	-	-	-	-	-	43,240
-	-	-	-	-	-	10
17	-	309	2,089	27,264	492	75,324
$138,968	$ 20,094	$18,987	$ 2,089	$27,264	$ 492	$1,600,181
$467,001	$139,612	$38,380	$10,672	$29,981	$1,831	$2,931,738
$ 371	$ 3,129	$ 518	$ 376	$ 595	$ 357	$ 7,671
-	556	1	-	-	-	557
64	-	-	243	273	319	1,082
-	-	-	-	-	4	84
-	-	14	10	-	74	13,989
-	-	-	-	-	-	105,541
$ 435	$ 3,685	$ 533	$ 629	$ 868	$ 754	$ 128,924
$ -	$ -	$ -	$ -	$ -	$ -	$ 1,277
20,585	580	-	-	-	-	79,345
4,530	575	-	-	-	-	70,697
-	-	-	-	-	-	580
-	-	-	-	-	-	244
-	1,083	-	-	-	-	1,304
$ 25,115	$ 2,238	$ -	$ -	$ -	$ -	$ 153,447
$ -	$ -	$ -	$ -	$ -	$ -	$ 13,019
313,926	103,190	-	-	-	-	2,091,081
-	-	83	80	-	13	595
-	-	10	-	-	172	262
-	-	-	-	-	36	36
-	201	-	-	-	-	201
$313,926	$103,391	$ 93	$ 80	$ -	$ 221	$2,105,194
$339,476	$109,314	$ 626	$ 709	$ 868	$ 975	$2,387,565
$ -	$ -	$30,187	$ 4,642	$26,702	$1,154	$ 68,828
$ 72,952	$ 17,438	$ -	$ -	$ 179	$ -	$ 108,613
-	-	-	-	-	-	115,762
$ 72,952	$ 17,438	$ -	$ -	$ 179	$ -	$ 224,375
54,573	12,860	7,567	5,321	2,232	(298)	250,970
$127,525	$ 30,298	$ 7,567	$ 5,321	$ 2,411	$ (298)	$ 475,345
$127,525	$ 30,298	$37,754	$ 9,963	$29,113	$ 856	$ 544,173
$467,001	$139,612	$38,380	$10,672	$29,981	$1,831	$2,931,738

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY	STATE UNIVERSITY BOARD REVENUE
	HOUSING DEVELOPMENT	PROGRAMS		
Operating Revenues:				
Net Sales	$ -	$ -	$ -	$ -
Interest Income	211	107,566	-	-
Investment Income	5,330	46,104	-	-
Rental and Service Fees	552	3,470	4,768	26,631
Other Income	-	-	-	-
Total Operating Revenues	$ 6,093	$157,140	$ 4,768	$26,631
Less Cost of Goods Sold	-	-	-	-
Gross Margin	$ 6,093	$157,140	$ 4,768	$26,631
Operating Expenses:				
Interest and Financing Costs	$ -	$132,598	$ 7,049	$ 2,061
Purchased Services	2,520	3,533	34	13,351
Salaries and Fringe Benefits	3,488	-	86	7,559
Depreciation	221	-	2	2,693
Amortization	-	-	203	8
Supplies and Materials	92	-	-	1,337
Indirect Costs	92	-	-	-
Other Expenses	-	1,287	25	-
Total Operating Expenses	$ 6,413	$137,418	$ 7,399	$27,009
Operating Income (Loss)	$ (320)	$ 19,722	$(2,631)	$ (378)
Nonoperating Revenues (Expenses):				
Investment Income	$ -	$ -	$ 3,020	$ 3,141
Federal Grants and Subsidies	53,873	-	-	119
Other Nonoperating Revenues	85	-	-	87
Grants, Aids and Subsidies	(57,698)	-	-	-
Other Nonoperating Expenses	-	-	-	-
Gain (Loss) on Sale of Fixed Assets	-	-	-	(21)
Gain (Loss) on Revenue Bond Refunding	-	(1,025)	-	-
Net Nonoperating Revenues (Expenses)	$ (3,740)	$ (1,025)	$ 3,020	$ 3,326
Income (Loss) Before Operating Transfers	$ (4,060)	$ 18,697	$ 389	$ 2,948
Operating Transfers-In	7,922	3,400	-	-
Operating Transfers-Out	(3,400)	(2,750)	-	-
Net Income (Loss)	$ 462	$ 19,347	$ 389	$ 2,948
Depreciation on Fixed Assets Acquired with Contributed Capital	-	-	-	352
Increase (Decrease) in Retained Earnings	$ 462	$ 19,347	$ 389	$ 3,300
Retained Earnings, July 1, 1985, as Reported	$ 70,327	$185,611	$ 1,897	$21,188
Changes in Reporting Entity	-	-	-	-
Retained Earnings, July 1, 1985, as Restated	$ 70,327	$185,611	$ 1,897	$21,188
Residual Equity Transfers-Out	-	-	-	-
Retained Earnings, June 30, 1986	$ 70,789	$204,958	$ 2,286	$24,488

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ZOOLOGICAL GARDEN	ENTERPRISE ACTIVITIES	COMBINED TOTALS
$ -	$ -	$10,070	$ 5,348	$ 3,179	$ 1,648	$ 20,245
13,571	1,433	29	5	-	-	122,815
-	-	-	-	-	-	51,434
570	215	862	-	672	3,703	41,443
-	-	525	-	-	-	525
$ 14,141	$ 1,648	$11,486	$ 5,353	$ 3,851	$ 5,351	$236,462
-	-	7,461	4,934	329	428	13,152
$ 14,141	$ 1,648	$ 4,025	$ 419	$ 3,522	$ 4,923	$223,310
$ 22,524	$ 4,696	$ 5	$ -	$ -	$ 2	$168,935
4,431	3,114	482	7	220	814	28,506
674	642	1,645	2,195	4,899	3,812	25,000
8	-	44	231	1,024	63	4,286
-	-	-	-	-	2	213
7	38	302	644	873	108	3,401
72	-	196	103	-	110	573
48	727	506	185	1,288	6	4,072
$ 27,764	$ 9,217	$ 3,180	$ 3,365	$ 8,304	$ 4,917	$234,986
$(13,623)	$(7,569)	$ 845	$(2,946)	$(4,782)	$ 6	$(11,676)
$ 23,727	$ 7,179	$ 832	$ 146	$ -	$ -	$ 38,045
4,165	-	54	-	31	-	58,242
-	-	993	9	70	35	1,279
-	(250)	-	-	-	-	(57,948)
-	-	(2,080)	(7)	-	-	(2,087)
-	-	-	(42)	5,983	6	5,926
9,016	-	-	-	-	-	7,991
$ 36,908	$ 6,929	$ (201)	$ 106	$ 6,084	$ 41	$ 51,448
$ 23,285	$ (640)	$ 644	$(2,840)	$ 1,302	$ 47	$ 39,772
95	1,457	9	2,508	4,548	-	19,939
-	(450)	(652)	-	-	-	(7,252)
$ 23,380	$ 367	$ 1	$ (332)	$ 5,850	$ 47	$ 52,459
-	-	-	-	-	14	366
$ 23,380	$ 367	$ 1	$ (332)	$ 5,850	$ 61	$ 52,825
$104,145	$29,931	$ 7,566	$ 5,653	$ -	$(6,085)	$420,233
-	-	-	-	(3,428)	5,826	2,398
$104,145	$29,931	$ 7,566	$ 5,653	$(3,428)	$ (259)	$422,631
-	-	-	-	(11)	(100)	(111)
$127,525	$30,298	$ 7,567	$ 5,321	$ 2,411	$ (298)	$475,345

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY	STATE UNIVERSITY BOARD REVENUE
	HOUSING DEVELOPMENT	PROGRAMS		
Cash Provided:				
From Operations:				
Net Income (Loss)	$ 462	$ 19,347	$ 389	$ 2,948
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable	$ 9	$ -	$ -	$ (56)
Accrued Income	1,799	6,347	4	23
Inventories	-	-	-	-
Other Current Assets	(8)	2,802	-	-
Increase (Decrease) in Current Liabilities:				
Accounts Payable	775	(184)	(4)	(64)
Accrued Interest Payable	-	4,969	252	(22)
Deferred Revenue	4,716	(289)	(37)	58
Other Current Liabilities	29	-	-	-
Depreciation	221	-	2	2,693
Amortization	-	-	203	8
Losses (Gains) on Fixed Asset Sales	-	-	-	21
Change in Other Assets/Liabilities	44	4,099	-	21
Total Items to be Added (Deducted)	$ 7,585	$ 17,744	$ 420	$ 2,682
Total Cash Provided From Operations	$ 8,047	$ 37,091	$ 809	$ 5,630
Other Cash Provided:				
Proceeds From Sale of Bonds	$ -	$ 65,410	$12,288	$ -
Reduction of Loans Receivable	884	69,833	-	-
Reduction of Financing Leases Receivable	-	-	1,936	-
Increase in Capital Leases Payable	-	-	-	-
Capital Contributions	-	-	-	-
Proceeds from the Sale of Fixed Assets	-	-	-	87
Other Cash Provided	9,788	438	1	162
Total Other Cash Provided	$ 10,672	$135,681	$14,225	$ 249
Total Cash Provided	$ 18,719	$172,772	$15,034	$ 5,879
Cash Applied:				
Loans Issued	$ 4,330	$142,240	$13,018	$ -
Investments in Fixed Assets/Financing Leases	258	-	301	1,498
Deferred Costs	-	2,207	-	-
Reduction of Indebtedness	-	54,934	2,305	1,605
Reduction of Capital Leases Payable	-	-	-	-
Other Cash Applied	-	-	-	-
Total Cash Applied	$ 4,588	$199,381	$15,624	$ 3,103
Net Increase (Decrease) in Cash and Investments	$ 14,131	$(26,609)	$ (590)	$ 2,776
Cash and Investments, July 1, 1985, as Reported	$148,425	$594,047	$33,794	$27,994
Changes in Reporting Entity	-	-	-	-
Cash and Investments, July 1, 1985, as Restated	$148,425	$594,047	$33,794	$27,994
Cash and Investments, June 30, 1986	$162,556	$567,438	$33,204	$30,770

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ZOOLOGICAL GARDEN	ENTERPRISE ACTIVITIES	COMBINED TOTALS
$ 23,380	$ 367	$ 1	$ (332)	$ 5,850	$ 47	$ 52,459
$ -	$ -	$ (723)	$ (106)	$ (70)	$ 83	$ (863)
(1,130)	(505)	70	(1)	2	-	6,609
-	-	57	(147)	(36)	(31)	(157)
1,236	(237)	(84)	34	-	(5)	3,738
(64)	3,097	24	29	565	37	4,211
(420)	184	-	-	-	-	4,963
-	-	10	(4)	-	(15)	4,439
3	(143)	(6)	102	107	32	124
8	-	44	231	1,024	63	4,286
-	-	-	-	-	2	213
-	-	-	42	(5,983)	(6)	(5,926)
108	2,815	9	39	-	2	7,137
$ (259)	$ 5,211	$ (599)	$ 219	$(4,391)	$ 162	$ 28,774
$ 23,121	$ 5,578	$ (598)	$ (113)	$ 1,459	$ 209	$ 81,233
$ -	$ 97,420	$ -	$ -	$ -	$ -	$ 175,118
47,014	529	5,359	-	-	-	123,619
-	-	-	-	-	-	1,936
-	-	-	-	-	21	21
-	-	1,627	21	1,500	22	3,170
-	-	13	-	-	18	118
-	474	-	-	-	2	10,865
$ 47,014	$ 98,423	$6,999	$ 21	$ 1,500	$ 63	$ 314,847
$ 70,135	$104,001	$6,401	$ (92)	$ 2,959	$ 272	$ 396,080
$ 31,803	$ 12,977	$6,086	$ -	$ -	$ -	$ 210,454
-	-	59	103	1,629	112	3,960
-	-	-	-	-	-	2,207
20,720	120	2	-	-	5	79,691
-	-	-	-	-	7	7
-	-	115	-	139	100	354
$ 52,523	$ 13,097	$6,262	$ 103	$ 1,768	$ 224	$ 296,673
$ 17,612	$ 90,904	$ 139	$ (195)	$ 1,191	$ 48	$ 99,407
$277,364	$ 27,235	$6,537	$2,019	$ -	$ 830	$1,118,245
-	-	-	-	1,045	(312)	733
$277,364	$ 27,235	$6,537	$2,019	$ 1,045	$ 518	$1,118,978
$294,976	$118,139	$6,676	$1,824	$ 2,236	$ 566	$1,218,385

This page intentionally left blank.

INTERNAL SERVICE FUNDS

The **Computer Services Fund** accounts for the operation of statewide computer systems.

The **Central Stores Fund** accounts for the operation of centralized supplies purchasing, storage and distribution.

The **State Printer Fund** accounts for the operation of print shops.

The **Central Motor Pool Fund** accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

The **Telecommunications Fund** accounts for the operation of a centralized telephone system for most state agencies throughout the state.

The **Plant Management Fund** accounts for the cost of maintenance and operation of state owned buildings and grounds in the capitol complex.

The **Master Lease Fund** accounts for bonds sold to finance major purchases of equipment by other funds.

The **Central Services Fund** accounts for miscellaneous centralized support services provided to state agencies.

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER
ASSETS			
Current Assets:			
Cash	$ 317	$245	$ 188
Investments	-	-	-
Accounts Receivable	2,528	85	338
Accrued Income	-	-	-
Inventories	-	529	131
Deferred Costs	195	-	4
Total Current Assets	$ 3,040	$859	$ 661
Noncurrent Assets:			
Financing Leases Receivable	$ 2	$ -	$ -
Other Noncurrent Receivables	-	-	-
Fixed Assets (Net)	10,104	72	700
Total Noncurrent Assets	$10,106	$ 72	$ 700
Total Assets	$13,146	$931	$1,361
LIABILITIES AND FUND EQUITY			
Liabilities:			
Current Liabilities:			
Accounts Payable	$ 1,602	$128	$ 251
Accrued Interest Payable	-	-	1
Payable to Other Funds	-	-	-
Installment Purchases Payable	-	-	26
Revenue Bonds Payable	2,985	-	32
Compensated Absences Payable	507	17	74
Advances from Other Funds	74	-	94
Capital Leases Payable	640	-	-
Deferred Revenue	-	-	-
Total Current Liabilities	$ 5,808	$145	$ 478
Noncurrent Liabilities:			
Installment Purchases Payable	$ -	$ -	$ 33
Revenue Bonds Payable	3,738	-	137
Compensated Absences Payable	176	8	28
Advances from Other Funds	-	-	171
Capital Leases Payable	1,696	-	-
Total Noncurrent Liabilities	$ 5,610	$ 8	$ 369
Total Liabilities	$11,418	$153	$ 847
Fund Equity:			
Contributed Capital	$ 3,356	$691	$ 640
Unreserved Retained Earnings	(1,628)	87	(126)
Total Fund Equity	$ 1,728	$778	$ 514
Total Liabilities and Fund Equity	$13,146	$931	$1,361

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

CENTRAL MOTOR POOL	TELECOM-MUNICATIONS	PLANT MANAGEMENT	MASTER LEASE	CENTRAL SERVICES	COMBINED TOTALS
$ 60	$ 560	$ 3,047	$ 1	$ 781	$ 5,199
-	-	-	15,074	-	15,074
479	1,149	1,092	-	372	6,043
-	-	-	421	-	421
27	-	172	-	30	889
220	-	2	165	1	587
$ 786	$1,709	$ 4,313	$15,661	$1,184	$28,213
$ -	$ 239	$ -	$ -	$ -	$ 241
-	-	-	-	26	26
5,139	210	408	-	264	16,897
$5,139	$ 449	$ 408	$ -	$ 290	$17,164
$5,925	$2,158	$ 4,721	$15,661	$1,474	$45,377
$ 181	$ 426	$ 776	$ 186	$ 310	$ 3,860
23	-	-	75	-	99
-	-	1,891	-	-	1,891
-	-	-	-	35	61
1,575	8	13	1,185	3	5,801
21	4	235	-	92	950
861	297	-	-	26	1,352
-	-	1	-	-	641
-	14	-	77	2	93
$2,661	$ 749	$ 2,916	$ 1,523	$ 468	$14,748
$ -	$ -	$ -	$ -	$ 81	$ 114
2,944	37	59	13,988	16	20,919
9	-	105	-	1	327
270	398	-	-	39	878
-	-	3	-	-	1,699
$3,223	$ 435	$ 167	$13,988	$ 137	$23,937
$5,884	$1,184	$ 3,083	$15,511	$ 605	$38,685
$ 502	$ 592	$ 1,209	$ -	$ 509	$ 7,499
(461)	382	429	150	360	(807)
$ 41	$ 974	$ 1,638	$ 150	$ 869	$ 6,692
$5,925	$2,158	$ 4,721	$15,661	$1,474	$45,377

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER
Operating Revenues:			
Net Sales	$ -	$2,823	$3,406
Rental and Service Fees	18,756	-	25
Other Income	-	-	-
Total Operating Revenues	$18,756	$2,823	$3,431
Less Cost of Goods Sold	-	2,179	2,793
Gross Margin	$18,756	$ 644	$ 638
Operating Expenses:			
Interest and Financing Costs	$ 1,339	$ -	$ 10
Purchased Services	6,533	225	81
Salaries and Fringe Benefits	7,942	283	336
Depreciation	1,753	5	47
Amortization	1,881	3	-
Supplies and Materials	715	11	15
Indirect Costs	479	136	223
Other Expenses	50	-	-
Total Operating Expenses	$20,692	$ 663	$ 712
Operating Income (Loss)	$(1,936)	$ (19)	$ (74)
Nonoperating Revenues (Expenses):			
Investment Income	$ -	$ -	$ -
Other Nonoperating Revenues	-	1	4
Gains (Losses) on Sale of Fixed Assets	(25)	-	-
Net Nonoperating Revenues (Expenses)	$ (25)	$ 1	$ 4
Income (Loss) Before Operating Transfers	$(1,961)	$ (18)	$ (70)
Operating Transfers-Out	-	-	-
Net Income	$(1,961)	$ (18)	$ (70)
Depreciation on Fixed Asets Acquired With Contributed Capital	-	-	-
Increase (Decrease) in Retained Earnings	$(1,961)	$ (18)	$ (70)
Retained Earnings, July 1, 1985	333	105	(56)
Retained Earnings, June 30, 1986	$(1,628)	$ 87	$ (126)

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

CENTRAL MOTOR POOL	TELECOM-MUNICATIONS	PLANT MANAGEMENT	MASTER LEASE	CENTRAL SERVICES	COMBINED TOTALS
$ -	$4,051	$ -	$ -	$1,480	$11,760
2,887	103	12,082	-	960	34,813
2	-	416	-	-	418
$2,889	$4,154	$12,498	$ -	$2,440	$46,991
-	-	-	-	77	5,049
$2,889	$4,154	$12,498	$ -	$2,363	$41,942
$ 282	$ -	$ 1	$ 1,410	$ 18	$ 3,060
415	3,801	4,960	18	326	16,359
423	104	4,237	-	1,498	14,823
1,314	103	93	-	92	3,407
-	-	1	28	-	1,913
855	-	332	-	96	2,024
165	86	555	-	102	1,746
-	-	-	-	105	155
$3,454	$4,094	$10,179	$ 1,456	$2,237	$43,487
$ (565)	$ 60	$ 2,319	$(1,456)	$ 126	$(1,545)
$ -	$ -	$ -	$ 1,606	$ -	$ 1,606
52	-	-	-	-	57
(32)	-	-	-	88	31
$ 20	$ -	$ -	$ 1,606	$ 88	$ 1,694
$ (545)	$ 60	$ 2,319	$ 150	$ 214	$ 149
-	-	(1,891)	-	-	(1,891)
$ (545)	$ 60	$ 428	$ 150	$ 214	$(1,742)
-	-	1	-	-	1
$ (545)	$ 60	$ 429	$ 150	$ 214	$(1,741)
84	322	-	-	146	934
$ (461)	$ 382	$ 429	$ 150	$ 360	$ (807)

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER
Cash Provided:			
From Operations:			
Net Income (Loss)	$(1,961)	$(18)	$ (70)
Items Added to (Deducted from) Net Income:			
Decrease (Increase) in Current Assets:			
Accounts Receivable	$ (316)	$121	$ (28)
Accrued Income	-	-	-
Inventories	-	(52)	(20)
Prepaid Expenses	(195)	-	-
Other Current Assets	-	-	(4)
Increase (Decrease) in Current Liabilities:			
Accounts Payable	(1,968)	(29)	31
Accrued Interest Payable	-	-	1
Payable to Other Funds	-	-	-
Compensated Absences Payable	48	2	7
Deferred Revenue	-	-	-
Other Current Liabilities	2,779	(1)	(4)
Depreciation	1,753	5	179
Amortization	1,881	3	-
Compensated Absences Payable (Non-Current)	3	1	3
Losses (Gains) on Fixed Asset Sales	25	-	-
Other Changes	-	-	-
Total Items Added (Deducted)	$ 4,010	$ 50	$ 165
Total Cash Provided From Operations	$ 2,049	$ 32	$ 95
Other Cash Provided:			
Proceeds from Bond Sales	$ 8,131	$ -	$ 179
Increase in Capital Leases Payable	-	-	-
Increase in Installment Purchases Payable	24	-	-
Advances from Other Funds	-	-	-
Capital Contributions	1,200	-	-
Proceeds from Sales of Fixed Assets	118	-	27
Increase in Long-Term Deferred Revenue	-	-	-
Other Sources	-	-	5
Total Other Cash Provided	$ 9,473	$ -	$ 211
Total Cash Provided	$11,522	$ 32	$ 306
Cash Applied:			
Investments in Fixed Assets	$ 1,455	$ -	$ 281
Reduction of Advances from Other Funds	75	-	73
Reduction of Capital Leases Payable	3,086	-	-
Reduction of Installment Purchases Payable	3,024	-	21
Repayment of Revenue Bond Principal	4,393	-	10
Other Cash Applied	-	-	27
Total Cash Applied	$12,033	$ -	$ 412
Net Increase (Decrease) in Cash and Investments	$ (511)	$ 32	$(106)
Cash and Investments, July 1, 1985	828	213	294
Cash and Investments, June 30, 1986	$ 317	$245	$ 188

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

CENTRAL MOTOR POOL	TELECOM-MUNICATIONS	PLANT MANAGEMENT	MASTER LEASE	CENTRAL SERVICES	COMBINED TOTALS
$ (545)	$ 60	$ 428	$ 150	$214	$(1,742)
$ (72)	$ (204)	$(1,092)	$ -	$ 13	$(1,578)
-	-	-	(421)	-	(421)
(4)	-	16	-	9	(51)
(52)	-	-	(206)	-	(453)
(147)	-	(2)	-	(1)	(154)
29	275	777	185	157	(543)
23	-	-	75	-	99
-	-	1,891	-	-	1,891
(6)	-	(1)	-	3	53
-	(9)	-	89	2	82
338	67	13	-	(11)	3,181
1,314	103	93	-	92	3,539
-	-	1	28	-	1,913
(3)	-	(8)	-	(3)	(7)
32	-	-	-	(88)	(31)
-	8	-	-	-	8
$1,452	$ 240	$ 1,688	$ (250)	$173	$ 7,528
$ 907	$ 300	$ 2,116	$ (100)	$387	$ 5,786
$5,081	$ 45	$ 72	$17,868	$ 19	$31,395
-	-	5	-	-	5
-	-	-	-	139	163
-	286	-	-	13	299
250	250	973	-	-	2,673
414	-	-	-	329	888
-	6	-	-	-	6
-	161	-	-	5	171
$5,745	$ 748	$ 1,050	$17,868	$505	$35,600
$6,652	$1,048	$ 3,166	$17,768	$892	$41,386
$2,949	$ 180	$ 103	$ -	$291	$ 5,259
1,006	358	-	-	23	1,535
2,256	-	3	-	-	5,345
-	-	-	-	354	3,399
563	-	13	2,693	-	7,672
-	-	-	-	33	60
$6,774	$ 538	$ 119	$ 2,693	$701	$23,270
$ (122)	$ 510	$ 3,047	$15,075	$191	$18,116
182	50	-	-	590	2,157
$ 60	$ 560	$ 3,047	$15,075	$781	$20,273

This page intentionally left blank.

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Defined Benefit Funds

The **Public Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The **Police and Fire Fund** includes resources accumulated to pay present and future retirement annuities to eligible police officers and fire fighters.

The **Teachers Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The **State Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

The **State Patrol Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers and crime bureau personnel.

The **Judicial Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible district, municipal, county and probate court judges, supreme court justices and various court referees.

The **Elective State Officers Fund** includes resources accumulated to pay present and future retirement annuities for the state's constitutional officers.

The **Legislative Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

Defined Contribution Funds

The **Unclassified Employees Retirement Fund** includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The **Deferred Compensation Fund** includes the aggregate of voluntary employee payroll deductions which defer income and may be repaid in accordance with income tax code restrictions.

The **College Supplemental Retirement Fund** includes the aggregate of share accounts derived from contributions received from eligible state university and community college employees, with matching state contributions.

Investment Trust Funds

The **Minnesota Supplemental Investment Fund** provides an investment vehicle for the Defined Contribution Funds and for some locally administered pension plans.

The **Post-Retirement Investment Fund** serves as an investment vehicle for the Defined Benefit Funds and as such invests their reserves to produce income for the payment of retirement benefits.

The **Variable Annuity Fund** is restricted to participation by members of the Teachers Retirement Association. Investments are limited to corporate stocks with no more than six percent of the book value to be invested in a single corporation.

NONEXPENDABLE TRUST FUNDS

The **Permanent School Fund** is a constitutionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

EXPENDABLE TRUST FUNDS

The **Municipal State-Aid Street Fund** receives 8.95 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The **County State-Aid Highway Fund** receives 29.6 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The **Endowment School Fund** receives revenue from the investments of the Permanent School Fund and distributes it to school districts.

The **Endowment Fund** receives gifts, donations and endowments which may be expended only for those purposes specified by the donors.

The **Northeast Minnesota Economic Protection Fund** receives distributions from taconite production taxes to be held in trust or expended only in economic emergency for the purposes of rehabilitation and diversification of industry in the area largely dependent on the taconite mining industry.

The **Rural Rehabilitation Trust Fund** is a trust fund established from the proceeds of a federal grant for making loans to rural enterprises from the trust corpus.

The **Unemployment Compensation Fund** receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

The **Insurance Trust Fund** receives employee health and life insurance premiums and reimburses claims paid by insurance carriers.

AGENCY FUNDS

The **Disbursement Clearing Fund** is a clearing fund used to account for state warrants issued and redeemed.

The **Taxes Clearing Fund** is used to distribute tax receipts as specified by statute.

The **Social Welfare Fund** includes funds held for patients and inmates in state institutions.

The **Miscellaneous Agency Fund** includes the amounts held in trust by the state for various other governmental units, individuals or funds.

STATE OF MINNESOTA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	PENSION TRUST	NONEXPENDABLE TRUST FUND	EXPENDABLE TRUST	AGENCY	COMBINED TOTALS
		PERMANENT SCHOOL			
ASSETS					
Cash	$ 1,570	$ 121	$ 18,397	$146,248	$ 166,336
Investments	7,916,245	348,175	348,298	7,218	8,619,936
Accounts Receivable	14,818	1,352	36,378	393	52,941
Due from Other Funds	88,439	-	19,160	7,952	115,551
Accrued Income	61,680	4,446	6,721	111	72,958
Federal Aid Receivable	-	-	174	-	174
Deferred Costs	-	-	1	184	185
Loans/Notes Receivable	-	-	9,868	-	9,868
Equity in Investment Trust Funds	3,267,644	-	-	-	3,267,644
Fixed Assets (Net)	642	15,451	-	-	16,093
Other Assets	16	-	-	-	16
Total Assets	$11,351,054	$369,545	$438,997	$162,106	$12,321,702
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants Payable	$ -	$ -	$ -	$129,129	$ 129,129
Accounts Payable	1,886	3	60,641	2,442	64,972
Accrued Interest Payable	-	-	3,729	-	3,729
Payable to Other Funds	57,562	18,557	117	692	76,928
Payable to Other Governmental Units	-	-	-	15,675	15,675
Deferred Revenue	71	439	1,058	-	1,568
Loans Payable	-	-	13,840	-	13,840
Compensated Absences Payable	440	-	30	-	470
Advances from Other Funds	-	-	156	-	156
Funds Held in Trust	4,349,466	-	-	14,168	4,363,634
Total Liabilities	$ 4,409,425	$ 18,999	$ 79,571	$162,106	$ 4,670,101
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances	$ -	$ -	$ 738	$ -	$ 738
Reserved for Long-Term Receivables	-	-	33,694	-	33,694
Reserved for Local Governments	-	-	271,837	-	271,837
Reserved for Endowment Principal	-	350,546	-	-	350,546
Reserved for Employee Benefits	6,941,629	-	3,088	-	6,944,717
Reserved for Other	-	-	5,474	-	5,474
Total Reserved Fund Balances	$ 6,941,629	$350,546	$314,831	$ -	$ 7,607,006
Unreserved Fund Balances:					
Designated for Fund Purposes	$ -	$ -	$ 54,925	$ -	$ 54,925
Undesignated	-	-	(10,330)	-	(10,330)
Total Unreserved Fund Balances	$ -	$ -	$ 44,595	$ -	$ 44,595
Total Fund Balances	$ 6,941,629	$350,546	$359,426	$ -	$ 7,651,601
Total Liabilities and Fund Balances	$11,351,054	$369,545	$438,997	$162,106	$12,321,702

STATE OF MINNESOTA
PENSION TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	COMBINED TOTALS
ASSETS				
Cash	$ 1,390	$ 95	$ 85	$ 1,570
Investments	3,824,168	955	4,091,122	7,916,245
Accounts Receivable	14,540	278	-	14,818
Due from Other Funds	72,356	-	16,083	88,439
Accrued Investment Income	710	4	60,966	61,680
Equity in Investment Trust Funds	3,045,472	222,172	-	3,267,644
Fixed Assets (Net)	642	-	-	642
Other Assets	16	-	-	16
Total Assets	$6,959,294	$223,504	$4,168,256	$11,351,054
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 829	$ 97	$ 960	$ 1,886
Payable to Other Funds	16,325	-	41,237	57,562
Deferred Revenue	71	-	-	71
Compensated Absences Payable	440	-	-	440
Funds Held in Trust	-	223,407	4,126,059	4,349,466
Total Liabilities	$ 17,665	$223,504	$4,168,256	$ 4,409,425
Fund Balances:				
Reserved for Pension Benefits	$6,941,629	$ -	$ -	$ 6,941,629
Total Fund Balances	$6,941,629	$ -	$ -	$ 6,941,629
Total Liabilities and Fund Balances	$6,959,294	$223,504	$4,168,256	$11,351,054

STATE OF MINNESOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES/FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	COMBINED TOTALS
Operating Revenues:				
Contributions	$ 452,643	$ -	$ -	$ 452,643
Investment Income	530,383	5,494	316,893	852,770
Distributed Investment Trust Fund Income	318,284	-	-	318,284
Realized/Unrealized Gain on Investment Trust Fund Equity	-	24,901	-	24,901
Net Realized Gains	-	-	131,006	131,006
Increase in Unrealized Appreciation	-	-	328,244	328,244
Other Income	5,048	374	-	5,422
Total Operating Revenues	$1,306,358	$ 30,769	$ 776,143	$ 2,113,270
Operating Expenses:				
Annuity Payments	$ 276,631	$ -	$ -	$ 276,631
Refunded Contributions	28,659	-	-	28,659
Purchased Services	1,604	135	-	1,739
Investment Management Fees	6,527	-	982	7,509
Salaries and Fringe Benefits	4,309	302	-	4,611
Depreciation	245	-	-	245
Supplies and Materials	84	5	-	89
Indirect Costs	89	8	-	97
Other Expenses	228	-	-	228
Total Operating Expenses	$ 318,376	$ 450	$ 982	$ 319,808
Operating Income	$ 987,982	$ 30,319	$ 775,161	$ 1,793,462
Nonoperating Revenues (Expenses):				
Participant Contributions	$ -	$ 19,178	$ 479,991	$ 499,169
Participant Withdrawals	-	(12,901)	(266,370)	(279,271)
Net Nonoperating Revenues (Expenses)	$ -	$ 6,277	$ 213,621	$ 219,898
Income Before Operating Transfers	$ 987,982	$ 36,596	$ 988,782	$ 2,013,360
Operating Transfers-In	4,862	921	-	5,783
Operating Transfers-Out	(922)	-	-	(922)
Net Income	$ 991,922	$ 37,517	$ 988,782	$ 2,018,221
Fund Balances/Funds Held in Trust, July 1, 1985, as Reported	$5,943,649	$185,890	$3,137,277	$ 9,266,816
Changes in Reporting Entity	6,058	-	-	6,058
Fund Balances/Funds Held in Trust, July 1, 1985, as Restated	$5,949,707	$185,890	$3,137,277	$ 9,272,874
Fund Balances/Funds Held in Trust, June 30, 1986	$6,941,629	$223,407	$4,126,059	$11,291,095

STATE OF MINNESOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	COMBINED TOTALS
Cash Provided:				
From Operations:				
Net Income	$ 991,922	$ 37,517	$ 988,782	$ 2,018,221
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable	$ (375)	$ (72)	$ 24,737	$ 24,290
Due From Other Funds	(43,617)	-	6,774	(36,843)
Accrued Investment Income	370	2	(6,209)	(5,837)
Other Current Assets	3,149	-	-	3,149
Increase (Decrease) in Current Liabilities:				
Accounts Payable	(172)	10	(1,095)	(1,257)
Payable to Other Funds	(6,522)	-	40,195	33,673
Deferred Revenue	(8)	-	(142)	(150)
Compensated Absences Payable	(91)	-	-	(91)
Depreciation	245	-	-	245
Total Items Added (Deducted)	$ (47,021)	$ (60)	$ 64,260	$ 17,179
Total Cash Provided From Operations	$ 944,901	$ 37,457	$1,053,042	$ 2,035,400
Cash Applied:				
Investments in Fixed Assets	$ 31	$ -	$ -	$ 31
Total Cash Applied	$ 31	$ -	$ -	$ 31
Net Increase in Cash and Investments	$ 944,870	$ 37,457	$1,053,042	$ 2,035,369
Cash and Investments, July 1,1985, as Reported	$5,920,102	$185,765	$3,038,165	$ 9,144,032
Changes in Reporting Entity	6,058	-	-	6,058
Cash and Investments, July 1,1985, as Restated	$5,926,160	$185,765	$3,038,165	$ 9,150,090
Cash and Investments, June 30, 1986	$6,871,030	$223,222	$4,091,207	$11,185,459

This page intentionally left blank.

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION		TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	TEACHERS RETIREMENT
ASSETS			
Cash	$ 743	$ 188	$ 421
Investments	1,090,922	315,429	1,534,560
Accounts Receivable	250	297	9,444
Due from Other Funds	209	54	69,089
Accrued Investment Income	3	67	396
Equity in Investment Trust Funds	997,977	91,896	1,387,149
Fixed Assets (Net)	415	-	152
Other Assets	16	-	-
Total Assets	$2,090,535	$407,931	$3,001,211
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 285	$ 14	$ 186
Payable to Other Funds	13,232	2,092	-
Deferred Revenue	-	-	-
Compensated Absences Payable	154	-	162
Total Liabilities	$ 13,671	$ 2,106	$ 348
Fund Balances:			
Reserved for Pension Benefits	$2,076,864	$405,825	$3,000,863
Total Reserved Fund Balances	$2,076,864	$405,825	$3,000,863
Total Liabilities and Fund Balances	$2,090,535	$407,931	$3,001,211

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM					
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
$ 14	$ 1	$ 23	$ -	$ -	$ 1,390
816,677	61,441	5,139	-	-	3,824,168
4,176	364	7	1	1	14,540
-	-	33	229	2,742	72,356
210	27	7	-	-	710
497,345	53,535	10,620	-	6,950	3,045,472
75	-	-	-	-	642
-	-	-	-	-	16
$1,318,497	$115,368	$15,829	$230	$9,693	$6,959,294
$ 240	$ 71	$ 33	$ -	$ -	$ 829
62	781	-	-	158	16,325
-	-	71	-	-	71
124	-	-	-	-	440
$ 426	$ 852	$ 104	$ -	$ 158	$ 17,665
$1,318,071	$114,516	$15,725	$230	$9,535	$6,941,629
$1,318,071	$114,516	$15,725	$230	$9,535	$6,941,629
$1,318,497	$115,368	$15,829	$230	$9,693	$6,959,294

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION		TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	TEACHERS RETIREMENT
Operating Revenues:			
Employer Contributions	$ 71,434	$ 17,341	$ 132,742
Employee Contributions	64,778	11,583	68,204
Investment Income	152,601	41,331	218,330
Distributed Investment Trust Fund Income	98,860	9,178	150,587
Other Income	771	404	596
Total Operating Revenues	$ 388,444	$ 79,837	$ 570,459
Operating Expenses:			
Annuity Payments	$ 108,133	$ 9,197	$ 101,848
Refunded Contributions	12,566	906	7,408
Purchased Services	722	44	392
Investment Management Fees	1,855	517	2,680
Salaries and Fringe Benefits	1,748	107	1,493
Depreciation	195	-	27
Supplies and Materials	47	3	19
Other Administrative Expenses	179	32	17
Indirect Costs	31	2	30
Total Operating Expenses	$ 125,476	$ 10,808	$ 113,914
Income Before Operating Transfers	$ 262,968	$ 69,029	$ 456,545
Operating Transfers-In	1,871	76	1,557
Operating Transfers-Out	-	-	-
Net Income	$ 264,839	$ 69,105	$ 458,102
Fund Balances, July 1, 1985, as Reported	$1,812,025	$330,662	$2,542,761
Changes in Reporting Entity	-	6,058	-
Fund Balances, July 1, 1985, as Restated	$1,812,025	$336,720	$2,542,761
Fund Balances, June 30, 1986	$2,076,864	$405,825	$3,000,863

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM					
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
$ 40,565	$ 4,598	$ -	$ -	$ -	$ 266,680
38,356	2,062	562	31	387	185,963
109,385	8,133	603	-	-	530,383
52,303	5,550	1,057	-	749	318,284
3	-	2,254	102	918	5,048
$ 240,612	$ 20,343	$ 4,476	$133	$2,054	$1,306,358
$ 49,432	$ 4,646	$ 2,391	$ 99	$ 885	$ 276,631
7,724	52	-	-	3	28,659
407	18	10	1	10	1,604
1,368	100	7	-	-	6,527
881	39	21	1	19	4,309
23	-	-	-	-	245
14	1	-	-	-	84
-	-	-	-	-	228
24	1	1	-	-	89
$ 59,873	$ 4,857	$ 2,430	$101	$ 917	$ 318,376
$ 180,739	$ 15,486	$ 2,046	$ 32	$1,137	$ 987,982
1,296	62	-	-	-	4,862
(922)	-	-	-	-	(922)
$ 181,113	$ 15,548	$ 2,046	$ 32	$1,137	$ 991,922
$1,136,958	$ 98,968	$13,679	$198	$8,398	$5,943,649
-	-	-	-	-	6,058
$1,136,958	$ 98,968	$13,679	$198	$8,398	$5,949,707
$1,318,071	$114,516	$15,725	$230	$9,535	$6,941,629

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30,1986
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION		TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	TEACHERS RETIREMENT
Cash Provided:			
From Operations:			
Net Income	$ 264,839	$ 69,105	$ 458,102
Items Added to (Deducted from) Net Income:			
Decrease (Increase) in Current Assets:			
Accounts Receivable	$ (140)	$ 53	$ (1,357)
Due from Other Funds	19	(13)	(43,268)
Accrued Investment Income	-	(65)	262
Other Current Assets	2,903	246	-
Increase (Decrease) in Current Liabilities:			
Accounts Payable	99	(3)	(78)
Payable to Other Funds	6,864	1,765	(13,740)
Deferred Revenue	-	-	-
Compensated Absences Payable	(121)	-	23
Depreciation	195	-	27
Total Items Added (Deducted)	$ 9,819	$ 1,983	$ (58,131)
Total Cash Provided from Operations	$ 274,658	$ 71,088	$ 399,971
Cash Applied:			
Investments in Fixed Assets	$ 9	$ -	$ 19
Total Cash Applied	$ 9	$ -	$ 19
Net Increase (Decrease) in Cash and Investments	$ 274,649	$ 71,088	$ 399,952
Cash and Investments, July 1, 1985, as Reported	$1,814,993	$330,367	$2,522,178
Changes in Reporting Entity	-	6,058	-
Cash and Investments, July 1, 1985, as Restated	$1,814,993	$336,425	$2,522,178
Cash and Investments, June 30, 1986	$2,089,642	$407,513	$2,922,130

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30,1986
(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM					
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
$ 181,113	$ 15,548	$ 2,046	$ 32	$1,137	$ 991,922
$ (485)	$ 530	$ 1,022	$ -	$ 2	$ (375)
-	-	(33)	(29)	(293)	(43,617)
163	13	(3)	-	-	370
-	-	-	-	-	3,149
88	15	(259)	(3)	(31)	(172)
(2,350)	781	-	-	158	(6,522)
-	-	(8)	-	-	(8)
7	-	-	-	-	(91)
23	-	-	-	-	245
$ (2,554)	$ 1,339	$ 719	$(32)	$ (164)	$ (47,021)
$ 178,559	$ 16,887	$ 2,765	$ -	$ 973	$ 944,901
$ 3	$ -	$ -	$ -	$ -	$ 31
$ 3	$ -	$ -	$ -	$ -	$ 31
$ 178,556	$ 16,887	$ 2,765	$ -	$ 973	$ 944,870
$1,135,480	$ 98,090	$13,017	$ -	$5,977	$5,920,102
-	-	-	-	-	6,058
$1,135,480	$ 98,090	$13,017	$ -	$5,977	$5,926,160
$1,314,036	$114,977	$15,782	$ -	$6,950	$6,871,030

STATE OF MINNESOTA
DEFINED CONTRIBUTION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		TEACHERS RETIREMENT ASSOCIATION	
	UNCLASSIFIED EMPLOYEES RETIREMENT	DEFERRED COMPENSATION	COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
ASSETS				
Cash	$ 52	$ -	$ 43	$ 95
Investments	380	524	51	955
Accounts Receivable	253	25	-	278
Accrued Investment Income	-	-	4	4
Equity in Investment Trust Funds	37,641	103,507	81,024	222,172
Total Assets	$38,326	$104,056	$81,122	$223,504
LIABILITIES				
Accounts Payable	$ 15	$ 31	$ -	$ 46
Security Purchases Payable	-	51	-	51
Funds Held in Trust	38,311	103,974	81,122	223,407
Total Liabilities	$38,326	$104,056	$81,122	$223,504

STATE OF MINNESOTA
DEFINED CONTRIBUTION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		TEACHERS RETIREMENT ASSOCIATION	
	UNCLASSIFIED EMPLOYEES RETIREMENT	DEFERRED COMPENSATION	COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
Operating Revenues:				
Investment Income	$ 535	$ 4,945	$ 14	$ 5,494
Realized/Unrealized Gain on Investments in Investment Trust Fund	4,836	6,506	13,559	24,901
Other Income	92	208	74	374
Total Operating Revenues	$ 5,463	$ 11,659	$13,647	$ 30,769
Operating Expenses:				
Salaries and Fringe Benefits	$ 90	$ 179	$ 33	$ 302
Purchased Services	42	84	9	135
Supplies and Materials	2	3	-	5
Indirect Costs	2	5	1	8
Total Operating Expenses	$ 136	$ 271	$ 43	$ 450
Operating Income	$ 5,327	$ 11,388	$13,604	$ 30,319
Nonoperating Revenues (Expenses):				
Employer Contributions	$ 2,541	$ -	$ 1,317	$ 3,858
Employee Contributions	1,960	12,043	1,317	15,320
Refunds	(2,184)	(7,651)	(3,066)	(12,901)
Net Nonoperating Revenues (Expenses)	$ 2,317	$ 4,392	$ (432)	$ 6,277
Income Before Operating Transfers	$ 7,644	$ 15,780	$13,172	$ 36,596
Operating Transfers-In	921	-	-	921
Net Income	$ 8,565	$ 15,780	$13,172	$ 37,517
Funds Held in Trust, July 1, 1985	29,746	88,194	67,950	185,890
Funds Held in Trust, June 30, 1986	$38,311	$103,974	$81,122	$223,407

STATE OF MINNESOTA
DEFINED CONTRIBUTION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		TEACHERS RETIREMENT ASSOCIATION	
	UNCLASSIFIED EMPLOYEES RETIREMENT	DEFERRED COMPENSATION	COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
Cash Provided:				
From Operations:				
Net Income	$ 8,565	$ 15,780	$13,172	$ 37,517
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable	$ (66)	$ (6)	$ -	$ (72)
Accrued Investment Income	-	-	2	2
Increase (Decrease) in Current Liabilities:				
Accounts Payable	(56)	15	-	(41)
Security Purchases Payable	-	51	-	51
Total Items Added (Deducted)	$ (122)	$ 60	$ 2	$ (60)
Total Cash Provided from Operations	$ 8,443	$ 15,840	$13,174	$ 37,457
Cash and Investments, July 1, 1985	29,630	88,191	67,944	185,765
Cash and Investments, June 30, 1986	$38,073	$104,031	$81,118	$223,222

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
ASSETS				
Cash	$ -	$ 85	$ -	$ 85
Investments	344,187	3,599,203	147,732	4,091,122
Due from Other Funds	-	16,083	-	16,083
Accrued Investment Income	2,035	58,919	12	60,966
Total Assets	$346,222	$3,674,290	$147,744	$4,168,256
LIABILITIES				
Accounts Payable	$ 160	$ 634	$ 166	$ 960
Payable to Other Funds	-	40,805	432	41,237
Subtotal	$ 160	$ 41,439	$ 598	$ 42,197
Funds Held in Trust:				
Funds Held in Trust	$345,083	$2,903,259	$142,213	$3,390,555
Unrealized Market Gains	941	482,674	14,257	497,872
Undistributed Earnings (Losses)	38	246,918	(9,324)	237,632
Net Funds Held in Trust	$346,062	$3,632,851	$147,146	$4,126,059
Total Liabilities	$346,222	$3,674,290	$147,744	$4,168,256

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Operating Revenues:				
Investment Income	$ 36,804	$ 260,691	$ 19,398	$ 316,893
Realized Gains on Investments:				
Proceeds from Security Sales	$227,043	$ 693,661	$113,180	$1,033,884
Cost of Securities Sold	219,451	576,980	106,447	902,878
Net Realized Gains	$ 7,592	$ 116,681	$ 6,733	$ 131,006
Unrealized Gains (Losses):				
Beginning of Period	$ 18,088	$ 163,653	$ 11,103	$ 192,844
End of Period	24,157	482,674	14,257	521,088
Increase in Unrealized Appreciation	$ 6,069	$ 319,021	$ 3,154	$ 328,244
Total Operating Revenues	$ 50,465	$ 696,393	$ 29,285	$ 776,143
Operating Expenses:				
Investment Management Fees	$ 295	$ 530	$ 157	$ 982
Operating Income	$ 50,170	$ 695,863	$ 29,128	$ 775,161
Nonoperating Revenues (Expenses):				
Participant Contributions	$ 22,662	$ 457,329	$ -	$ 479,991
Participant Withdrawals	(14,101)	(251,068)	(1,201)	(266,370)
Net Nonoperating Revenues (Expenses)	$ 8,561	$ 206,261	$ (1,201)	$ 213,621
Net Income	$ 58,731	$ 902,124	$ 27,927	$ 988,782
Funds Held in Trust, July 1,1985	287,331	2,730,727	119,219	3,137,277
Funds Held in Trust, June 30,1986	$346,062	$3,632,851	$147,146	$4,126,059

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Cash Provided:				
From Operations:				
Net Income	$ 58,731	$ 902,124	$ 27,927	$ 988,782
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Security Sales Receivable	$ 1,229	$ 22,992	$ 516	$ 24,737
Due from Other Funds	-	6,774	-	6,774
Accrued Investment Income	1,318	(7,898)	371	(6,209)
Increase (Decrease) in Current Liabilities:				
Security Purchases Payable	(1,690)	-	-	(1,690)
Accounts Payable	54	515	26	595
Payable to Other Funds	-	40,232	(37)	40,195
Deferred Revenue	-	(142)	-	(142)
Total Items Added	$ 911	$ 62,473	$ 876	$ 64,260
Total Cash Provided From Operations	$ 59,642	$ 964,597	$ 28,803	$1,053,042
Cash and Investments, July 1, 1985	284,545	2,634,691	118,929	3,038,165
Cash and Investments, June 30, 1986	$344,187	$3,599,288	$147,732	$4,091,207

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING SCHEDULE OF PARTICIPATION
JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Defined Benefit Pension Funds:				
Teachers Retirement Association:				
Teachers Retirement..........................	$ -	$1,244,936	$142,213	$1,387,149
Minnesota State Retirement System:				
State Employees Retirement..................	-	497,345	-	497,345
State Patrol Retirement.....................	-	53,535	-	53,535
Judicial Retirement.........................	-	10,620	-	10,620
Legislative Retirement......................	-	6,950	-	6,950
Public Employees Retirement Association:				
Public Employees Retirement.................	-	997,977	-	997,977
Police and Fire.............................	-	91,896	-	91,896
Subtotal..................................	$ -	$2,903,259	$142,213	$3,045,472
Defined Contribution Funds:				
Teachers Retirement Association:				
College Supplemental Retirement.............	$ 81,024	$ -	$ -	$ 81,024
Minnesota State Retirement System:				
Unclassified Employees Retirement...........	37,641	-	-	37,641
Deferred Compensation.......................	103,507	-	-	103,507
Subtotal..................................	$222,172	$ -	$ -	$ 222,172
Total State Retirement Funds..................	$222,172	$2,903,259	$142,213	$3,267,644
Non-State Funds...............................	122,911	-	-	122,911
Total Funds Held in Trust for Participants......	$345,083	$2,903,259	$142,213	$3,390,555
Unrealized Appreciation on Investments........	941	482,674	14,257	497,872
Undistributed Earnings (Losses)...............	38	246,918	(9,324)	237,632
Total Participation and Undistributed Earnings..	$346,062	$3,632,851	$147,146	$4,126,059

STATE OF MINNESOTA
.INVESTMENT TRUST FUNDS
COMBINING SUMMARY OF INVESTMENTS
JUNE 30, 1986
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Bonds and Other Debt Certificates:				
U.S. Government Obligations.............	$ 57,435	$1,842,581	$ -	$1,900,016
Canadian Government Obligations.........	-	70,550	-	70,550
Public Utilities........................	4,206	131,523	-	135,729
Finance Industry Corporations...........	6,108	128,043	-	134,151
Industrial Corporations.................	4,363	206,000	-	210,363
Transportation Industry Corporations....	-	24,397	-	24,397
Total Bonds and Other Debt Certificates........................	$ 72,112	$2,403,094	$ -	$2,475,206
Common Stock:				
Public Utilities........................	$ 17,418	$ 73,048	$ 10,909	$ 101,375
Finance Industry Corporations...........	25,401	96,473	21,468	143,342
Manufacturing Industry Corporations.....	82,288	325,758	61,802	469,848
Food Industry Corporations..............	3,236	11,623	3,386	18,245
Retail Industry Corporations............	10,720	37,690	9,097	57,507
Transportation Industry Corporations....	11,501	33,177	9,095	53,773
Raw Material Industry Corporations......	22,119	92,191	14,514	128,824
Other Industries........................	14,607	8,815	15,290	38,712
Total Common Stock....................	$187,290	$ 678,775	$145,561	$1,011,626
Short-Term Securities (Cash Equivalents)..	$ 84,785	$ 517,334	$ 2,171	$ 604,290
Total Investments......................	$344,187	$3,599,203	$147,732	$4,091,122

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
ASSETS			
Cash	$ -	$ -	$ -
Investments	106,061	177,599	-
Accounts Receivable	346	626	-
Due from Other Funds	795	2,347	16,018
Accrued Investment Income	1,751	2,990	-
Federal Aid Receivable	-	-	-
Deferred Costs	-	-	-
Loans/Notes Receivable	-	-	-
Total Assets	$108,953	$183,562	$16,018
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 4,199	$ 32,307	$ -
Accrued Interest Payable	-	-	-
Payable to Other Funds	-	114	-
Deferred Revenue	-	-	-
Loans Payable	-	-	-
Compensated Absences Payable	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	$ 4,199	$ 32,421	$ -
Fund Balances:			
Reserved Fund Balances:			
Reserved for Encumbrances	$ 18	$ 58	$ -
Reserved for Long-Term Receivables	-	-	-
Reserved for Local Governments	104,736	151,083	16,018
Reserved for Insurance Benefits	-	-	-
Reserved for Other	-	-	-
Total Reserved Fund Balances	$104,754	$151,141	$16,018
Unreserved Fund Balances:			
Designated for Fund Purposes	$ -	$ -	$ -
Undesignated	-	-	-
Total Unreserved Fund Balances	$ -	$ -	$ -
Total Fund Balances	$104,754	$151,141	$16,018
Total Liabilities and Fund Balances	$108,953	$183,562	$16,018

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986
(IN THOUSANDS)

ENDOWMENT	NORTHEAST MINNESOTA ECONOMIC PROTECTION	RURAL REHABILITATION TRUST	UNEMPLOYMENT COMPENSATION	INSURANCE TRUST	COMBINED TOTALS
$2,134	$ -	$ 142	$ -	$16,121	$ 18,397
4,337	45,167	8,421	6,713	-	348,298
105	155	-	31,288	3,858	36,378
-	-	-	-	-	19,160
118	1,270	132	433	27	6,721
-	-	-	174	-	174
1	-	-	-	-	1
-	9,210	658	-	-	9,868
$6,695	$55,802	$9,353	$ 38,608	$20,006	$438,997
$ 380	$ 415	$ 160	$ 6,419	$16,761	$ 60,641
-	-	-	3,729	-	3,729
3	-	-	-	-	117
-	-	-	1,058	-	1,058
-	-	-	13,840	-	13,840
-	22	7	-	1	30
-	-	-	-	156	156
$ 383	$ 437	$ 167	$ 25,046	$16,918	$ 79,571
$ 201	$ 158	$ 303	$ -	$ -	$ 738
-	9,123	679	23,892	-	33,694
-	-	-	-	-	271,837
-	-	-	-	3,088	3,088
1	5,473	-	-	-	5,474
$ 202	$14,754	$ 982	$ 23,892	$ 3,088	$314,831
$6,110	$40,611	$8,204	$ -	$ -	$ 54,925
-	-	-	(10,330)	-	(10,330)
$6,110	$40,611	$8,204	$(10,330)	$ -	$ 44,595
$6,312	$55,365	$9,186	$ 13,562	$ 3,088	$359,426
$6,695	$55,802	$9,353	$ 38,608	$20,006	$438,997

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
Revenues:			
Unemployment Taxes	$ -	$ -	$ -
Mining Taxes	-	-	-
Insurance Premiums	-	-	-
Federal Revenues	-	-	-
Investment Income	7,751	13,276	-
Other Revenues	-	26	-
Gross Revenues	$ 7,751	$ 13,302	$ -
Less Revenue Refunds	-	-	-
Net Revenues	$ 7,751	$ 13,302	$ -
Expenditures:			
Current:			
Protection of Persons and Property	$ -	$ -	$ -
Transportation	483	1,511	-
Resource Management	-	-	-
Economic/Manpower Development	-	-	-
Education	-	-	-
Health and Social Services	-	-	-
General Government	-	-	-
Total Current Expenditures	$ 483	$ 1,511	$ -
Debt Service	-	-	-
Grants and Subsidies	39,678	158,639	26,642
Total Expenditures	$ 40,161	$ 160,150	$ 26,642
Excess of Revenues Over (Under) Expenditures	$(32,410)	$(146,848)	$(26,642)
Other Financing Sources (Uses):			
Operating Transfers-In	$ 48,206	$ 159,429	$ 30,311
Operating Transfers-Out	-	-	-
Net Other Financing Sources (Uses)	$ 48,206	$ 159,429	$ 30,311
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 15,796	$ 12,581	$ 3,669
Fund Balances, July 1, 1985, as Reported	$ 88,958	$ 138,560	$ 12,349
Changes in Reporting Entity	-	-	-
Fund Balances, July 1, 1985, as Restated	$ 88,958	$ 138,560	$ 12,349
Fund Balances, June 30, 1986	$104,754	$ 151,141	$ 16,018

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

ENDOWMENT	NORTHEAST MINNESOTA ECONOMIC PROTECTION	RURAL REHABILITATION TRUST	UNEMPLOYMENT COMPENSATION	INSURANCE TRUST	COMBINED TOTALS
$ -	$ -	$ -	$ 479,947	$ -	$479,947
-	2,756	-	-	-	2,756
-	-	-	-	70,042	70,042
8	-	-	7,879	-	7,887
442	-	772	697	1,692	24,630
5,363	4,626	-	283	-	10,298
$5,813	$ 7,382	$ 772	$ 488,806	$71,734	$595,560
30	5	-	-	-	35
$5,783	$ 7,377	$ 772	$ 488,806	$71,734	$595,525
$ 28	$ -	$ -	$ -	$ -	$ 28
-	-	-	-	-	1,994
214	-	-	-	-	214
59	1,865	473	-	-	2,397
2,033	-	-	-	-	2,033
363	-	-	-	-	363
204	-	-	-	74,298	74,502
$2,901	$ 1,865	$ 473	$ -	$74,298	$ 81,531
-	-	-	5,048	-	5,048
2,798	736	393	354,673	-	583,559
$5,699	$ 2,601	$ 866	$ 359,721	$74,298	$670,138
$ 84	$ 4,776	$ (94)	$ 129,085	$(2,564)	$(74,613)
$ 12	$ -	$ -	$ -	$ -	$237,958
(289)	(1,061)	-	-	-	(1,350)
$ (277)	$(1,061)	$ -	$ -	$ -	$236,608
$ (193)	$ 3,715	$ (94)	$ 129,085	$(2,564)	$161,995
$6,746	$51,650	$9,280	$(115,523)	$ 5,652	$197,672
(241)	-	-	-	-	(241)
$6,505	$51,650	$9,280	$(115,523)	$ 5,652	$197,431
$6,312	$55,365	$9,186	$ 13,562	$ 3,088	$359,426

STATE OF MINNESOTA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	BALANCE JULY 1, 1985	INCREASES	DECREASES	BALANCE JUNE 30, 1986
DISBURSEMENT CLEARING				
ASSETS				
Cash	$156,096	$ 9,323,838	$ 9,350,805	$129,129
Total Assets	$156,096	$ 9,323,838	$ 9,350,805	$129,129
LIABILITIES				
Warrants Payable	$156,096	$ 9,323,838	$ 9,350,805	$129,129
Total Liabilities	$156,096	$ 9,323,838	$ 9,350,805	$129,129
TAXES CLEARING				
ASSETS				
Cash	$ 10,502	$ 575,522	$ 574,681	$ 11,343
Due from Other Funds	6,003	7,950	6,003	7,950
Total Assets	$ 16,505	$ 583,472	$ 580,684	$ 19,293
LIABILITIES				
Payable to Other Governments	$ 13,215	$ 577,042	$ 574,681	$ 15,576
Funds Held in Trust	3,290	427	-	3,717
Total Liabilities	$ 16,505	$ 577,469	$ 574,681	$ 19,293
SOCIAL WELFARE				
ASSETS				
Cash	$ 982	$ 15,077	$ 15,131	$ 928
Investments	4,148	12,996	12,482	4,662
Accounts Receivable	47	-	47	-
Due from Other Funds	-	2	-	2
Accrued Investment Income	62	107	62	107
Total Assets	$ 5,239	$ 28,182	$ 27,722	$ 5,699
LIABILITIES				
Accounts Payable	$ 180	$ 244	$ 178	$ 246
Funds Held In Trust	5,059	27,938	27,544	5,453
Total Liabilities	$ 5,239	$ 28,182	$ 27,722	$ 5,699

STATE OF MINNESOTA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	BALANCE JULY 1, 1985	INCREASES	DECREASES	BALANCE JUNE 30, 1986
MISCELLANEOUS AGENCY				
ASSETS				
Cash	$ 4,724	$ 77,191	$ 77,067	$ 4,848
Investments	2,266	2,927	2,637	2,556
Accounts Receivable	394	1,334	1,335	393
Accrued Investment Income	2	4	2	4
Deferred Costs	28	184	28	184
Total Assets	$ 7,414	$ 81,640	$ 81,069	$ 7,985
LIABILITIES				
Accounts Payable	$ 1,509	$ 2,961	$ 2,274	$ 2,196
Payable to Other Funds	718	692	718	692
Payable to Other Governments	129	107	137	99
Funds Held in Trust	5,058	77,772	77,832	4,998
Total Liabilities	$ 7,414	$ 81,532	$ 80,961	$ 7,985
TOTAL AGENCY FUNDS				
ASSETS				
Cash	$172,304	$ 9,991,628	$10,017,684	$146,248
Investments	6,414	15,923	15,119	7,218
Accounts Receivable	441	1,334	1,382	393
Due from Other Funds	6,003	7,952	6,003	7,952
Accrued Investment Income	64	111	64	111
Deferred Costs	28	184	28	184
Total Assets	$185,254	$10,017,132	$10,040,280	$162,106
LIABILITIES				
Warrants Payable	$156,096	$ 9,323,838	$ 9,350,805	$129,129
Accounts Payable	1,689	3,205	2,452	2,442
Payable to Other Funds	718	692	718	692
Payable to Other Governments	13,344	577,149	574,818	15,675
Funds Held in Trust	13,407	106,137	105,376	14,168
Total Liabilities	$185,254	$10,011,021	$10,034,169	$162,106

This page intentionally left blank.

GENERAL FIXED ASSETS ACCOUNT GROUP

The **General Fixed Assets Account Group** is maintained to account for all fixed assets except those of the enterprise, internal service and fiduciary fund types.

STATE OF MINNESOTA
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCES
JUNE 30, 1986
(IN THOUSANDS)

General Fixed Assets:	
Land	$ 172,858
Buildings	679,323
Equipment	286,362
Construction in Progress	93,283
Total General Fixed Assets	$1,231,826
Investment in General Fixed Assets:	
Investment in Property Acquired Prior to July 1, 1984 - Source Unidentified	$ 936,333
Expenditures from:	
General Fund	36,780
Special Revenue Funds:	
Trunk Highway Fund	128,907
Highway User Tax Distribution Fund	565
Other Transportation Funds	344
Federal Fund	8,910
Environmental Fund	127
Natural Resources Funds	6,227
Special Workers Compensation Fund	357
Iron Range Resources and Rehabilitation Fund	13,953
Appropriated Miscellaneous Special Revenue Funds	168
Nonappropriated Miscellaneous Special Revenue Fund	4,214
Capital Projects Funds:	
General Project Fund	2,609
Building Fund	84,276
Donations	8,056
Total Investment in General Fixed Assets	$1,231,826

STATE OF MINNESOTA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

Function and Activity	LAND	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Protection of Persons/Property:					
Military Affairs	$ 3,748	$ 32,468	$ 567	$ 7,788	$ 44,571
Public Safety	-	-	23,592	-	23,592
Others	-	-	107	-	107
Total Protection of Persons/Property	$ 3,748	$ 32,468	$ 24,266	$ 7,788	$ 68,270
Transportation:					
Transportation	$ 4,365	$ 66,487	$104,126	$ 6,290	$ 181,268
Others	-	-	14	-	14
Total Transportation	$ 4,365	$ 66,487	$104,140	$ 6,290	$ 181,282
Resource Management:					
Natural Resources	$135,733	$ 24,589	$ 28,270	$ 778	$ 189,370
Pollution Control	-	-	2,870	-	2,870
Others	-	-	136	-	136
Total Resource Management	$135,733	$ 24,589	$ 31,276	$ 778	$ 192,376
Economic/Manpower Development:					
Agriculture	$ -	$ -	$ 1,743	$ -	$ 1,743
Commerce	-	-	533	-	533
Jobs and Training	448	5,939	15,882	-	22,269
Energy and Economic Development	-	-	845	-	845
Labor and Industry	-	-	2,388	-	2,388
Iron Range Resources and Rehabilitation	244	11,700	2,672	8,939	23,555
Public Services Commission	-	-	1,119	-	1,119
Others	-	-	472	-	472
Total Economic/Manpower Development	$ 692	$ 17,639	$ 25,654	$ 8,939	$ 52,924
Education:					
State University System	$ 7,190	$137,656	$ 42,607	$ 7,494	$ 194,947
Community College System	8,646	91,322	15,357	18,526	133,851
Vocational Technical Education	-	-	640	-	640
Education	30	9,840	2,001	-	11,871
Higher Education Coordinating Board	-	-	644	-	644
Others	-	-	101	-	101
Total Education	$ 15,866	$238,818	$ 61,350	$26,020	$ 342,054
Health and Social Services:					
Health	$ -	$ -	$ 3,881	$ -	$ 3,881
Human Services	214	143,594	11,369	2,681	157,858
Veterans Affairs	61	17,071	924	-	18,056
Corrections	109	70,220	9,417	14,236	93,982
Others	22	-	700	-	722
Total Health and Human Services	$ 406	$230,885	$ 26,291	$16,917	$ 274,499
General Government:					
Administration (1)	$ 12,048	$ 68,437	$ 4,475	$26,551	$ 111,511
Attorney General	-	-	816	-	816
State Planning	-	-	1,062	-	1,062
Governor	-	-	385	-	385
Legislature	-	-	3,110	-	3,110
Supreme Court	-	-	592	-	592
Revenue	-	-	1,615	-	1,615
Others	-	-	1,330	-	1,330
Total General Government	$ 12,048	$ 68,437	$ 13,385	$26,551	$ 120,421
Total General Fixed Assets	$172,858	$679,323	$286,362	$93,283	$1,231,826

---

(1) Consists primarily of buildings and land located in the capitol complex.

STATE OF MINNESOTA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

Function and Activity	GENERAL FIXED ASSETS JULY 1, 1985	ADDITIONS	DEDUCTIONS/ NET TRANSFERS	GENERAL FIXED ASSETS JUNE 30, 1986
Protection of Persons/Property:				
Military Affairs	$ 36,983	$ 7,596	$ 8	$ 44,571
Public Safety	20,746	4,970	2,124	23,592
Others	61	47	1	107
Total Protection of Persons/Property	$ 57,790	$ 12,613	$ 2,133	$ 68,270
Transportation:				
Transportation	$ 168,698	$ 18,853	$ 6,283	$ 181,268
Others	4	10	-	14
Total Transportation	$ 168,702	$ 18,863	$ 6,283	$ 181,282
Resource Management:				
Natural Resources	$ 180,159	$ 9,963	$ 752	$ 189,370
Pollution Control	2,478	393	1	2,870
Others	43	93	-	136
Total Resource Management	$ 182,680	$ 10,449	$ 753	$ 192,376
Economic/Manpower Development:				
Agriculture	$ 1,550	$ 322	$ 129	$ 1,743
Commerce	457	76	-	533
Jobs and Training	15,774	1,663	(4,832)	22,269
Energy and Economic Development	651	207	13	845
Labor and Industry	1,952	435	(1)	2,388
Iron Range Resources and Rehabilitation	19,101	4,475	21	23,555
Public Services Commission	963	157	1	1,119
Others	459	64	51	472
Total Economic/Manpower Development	$ 40,907	$ 7,399	$(4,618)	$ 52,924
Education:				
State University System	$ 183,796	$ 12,806	$ 1,655	$ 194,947
Community College System	115,440	17,687	(724)	133,851
Vocational Technical Education	491	69	(80)	640
Education	11,742	316	187	11,871
Higher Education Coordinating Board	394	252	2	644
Zoological Garden	33,895	14	33,909	-
Others	90	15	4	101
Total Education	$ 345,848	$ 31,159	$34,953	$ 342,054
Health and Social Services:				
Health	$ 3,562	$ 321	$ 2	$ 3,881
Human Services	159,722	2,882	4,746	157,858
Veterans Affairs	18,477	179	600	18,056
Corrections	84,160	10,120	298	93,982
Others	626	100	4	722
Total Health and Human Services	$ 266,547	$ 13,602	$ 5,650	$ 274,499
General Government:				
Administration (1)	$ 103,955	$ 8,843	$ 1,287	$ 111,511
Attorney General	568	250	2	816
State Planning	978	473	389	1,062
Governor	378	42	35	385
Legislature	1,347	1,762	(1)	3,110
Supreme Court	451	141	-	592
Revenue	1,243	385	13	1,615
Others	1,101	237	8	1,330
Total General Government	$ 110,021	$ 12,133	$ 1,733	$ 120,421
Total General Fixed Assets	$1,172,495	$106,218	$46,887	$1,231,826

---

(1) Consists primarily of buildings and land located in the capitol complex.

GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP

The **General Long-Term Obligation Account Group** accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary or fiduciary funds.

STATE OF MINNESOTA
GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP
STATEMENT OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS
YEAR ENDED JUNE 30, 1986
(IN THOUSANDS)

	BALANCE JULY 1, 1985	INCREASE	DECREASE	BALANCE JUNE 30, 1986
Amount Available and to be Provided for Payment of General Long-Term Obligations:				
Amount Available in Debt Service Fund	$ 91,960	$141,344	$137,549	$ 95,755
Amount to be Provided:				
General Fund	$1,205,081	$430,573	$352,051	$1,283,603
Trunk Highway Fund	126,506	1,408	11,969	115,945
Highway User Tax Distribution Fund	270	160	-	430
Other Transportation Funds	217	9	-	226
Federal Fund	7,150	559	20	7,689
Environmental Fund	-	121	-	121
Natural Resources Funds	2,874	904	527	3,251
Maximum Effort School Loan Fund	22,610	1,250	1,534	22,326
Special Workers Compensation Fund	407	209	-	616
Iron Range Resources and Rehabilitation Fund	-	186	-	186
Appropriated Miscellaneous Special Revenue Funds	-	1,211	-	1,211
Nonappropriated Miscellaneous Special Revenue Fund	1,562	15	48	1,529
Total Amount to be Provided	$1,366,677	$436,605	$366,149	$1,437,133
Total Amount Available and to be Provided	$1,458,637	$577,949	$503,698	$1,532,888
General Long-Term Obligations Payable:				
Loans Payable	$ 3,442	$ -	$ 394	$ 3,048
Claims and Judgments Payable	42,470	2,260	24,568	20,162
General Obligation Bonds Payable	1,130,155	208,690	136,309	1,202,536
Grants and Subsidies Payable	184,712	214,416	184,712	214,416
Compensated Absences Payable	80,092	6,189	-	86,281
Capital Leases Payable	2,300	870	887	2,283
Pension Liabilities	15,466	-	11,304	4,162
Total General Long-Term Obligations	$1,458,637	$432,425	$358,174	$1,532,888

GENERAL OBLIGATION DEBT SCHEDULES

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1987-2005

PRINCIPAL PAYMENTS - **BOLDFACE** INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUT-STANDING 6-30-86	1987	1988	1989	1990	1991	1992
General Fund								
State Building (Voc-Tech)	'75-436	$ 7,925	$ **775** 414	$ **775** 374	$ **775** 334	$ **775** 293	$ **775** 251	$ **775** 207
State Building, Capital Improvement	X'67-8	10,494	**3,469** 477	**3,449** 300	**1,789** 159	**1,789** 53	**-** -	**-** -
	'69-1159	34,071	**7,336** 1,685	**7,336** 1,294	**7,336** 899	**7,336** 504	**4,725** 185	**-** -
	'71-963	39,130	**5,368** 1,646	**5,368** 1,382	**5,368** 1,112	**5,368** 841	**5,368** 566	**5,368** 441
	'73-778	23,490	**2,329** 1,156	**2,329** 1,045	**2,329** 931	**2,329** 816	**2,329** 699	**2,329** 580
	'74-541	1,843	**205** 100	**205** 88	**205** 77	**205** 65	**205** 53	**205** 41
	'75-436	9,265	**847** 454	**847** 414	**847** 374	**847** 333	**847** 292	**847** 249
	'76-348	29,812	**2,693** 1,436	**2,693** 1,316	**2,693** 1,193	**2,693** 1,068	**2,693** 941	**2,693** 810
	'77-421	5,250	**375** 333	**375** 308	**375** 282	**375** 260	**375** 237	**375** 215
	'77-451	22,113	**1,743** 1,171	**1,743** 1,078	**1,743** 984	**1,743** 896	**1,743** 807	**1,743** 718
	'78-792	68,946	**4,929** 4,587	**4,929** 4,259	**4,929** 3,933	**4,929** 3,624	**4,929** 3,313	**4,929** 3,000
	'79-300	1,988	**131** 159	**131** 149	**131** 140	**131** 130	**131** 119	**131** 109
	'79-301	34,049	**2,403** 2,257	**2,403** 2,092	**2,403** 1,927	**2,403** 1,777	**2,403** 1,626	**2,403** 1,474
	'79-338	33,332	**2,082** 2,732	**2,082** 2,570	**2,082** 2,408	**2,082** 2,245	**2,082** 2,079	**2,082** 1,912
	'81-4	13,750	**793** 1,191	**793** 1,123	**793** 1,056	**793** 988	**793** 920	**793** 852
	'81-304	13,194	**733** 1,124	**733** 1,062	**733** 1,000	**733** 938	**733** 876	**733** 814
	'81-334	3,170	**197** 248	**250** 233	**267** 214	**283** 193	**295** 171	**276** 149
	'81-361	3,948	**223** 337	**223** 318	**223** 299	**223** 281	**223** 262	**223** 243
	'81-362	44,715	**2,649** 3,889	**2,649** 3,662	**2,649** 3,435	**2,649** 3,208	**2,649** 2,981	**2,649** 2,753
	'82-639	825	**46** 69	**46** 65	**46** 61	**46** 58	**46** 54	**46** 50
	'83-344	96,485	**6,061** 8,271	**6,417** 7,760	**6,531** 7,220	**6,635** 6,671	**6,715** 6,111	**6,588** 5,549
	'84-597	71,487	**5,088** 5,821	**6,237** 5,415	**6,606** 4,916	**6,941** 4,386	**7,202** 3,825	**6,790** 3,260
	X'85-15	61,500	**4,354** 4,368	**6,734** 4,072	**7,497** 3,582	**8,193** 3,029	**8,731** 2,414	**7,878** 1,795
State School Energy Building Bonds	'83-323	21,500	**2,300** 1,796	**2,300** 1,381	**2,300** 1,142	**2,300** 926	**2,300** 749	**2,300** 581
Refunding Bonds	'85-16A.66	158,690	**-** 12,803	**-** 12,803	**-** 12,803	**-** 12,803	**-** 12,803	**-** 12,803

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1987-2005
PRINCIPAL PAYMENTS - **BOLDFACE** INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$ 775	**$ 775**	**$ 775**	**$ 775**	**$ 175**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
163	119	76	34	9	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-	-	-
2,268	**2,268**	**1,268**	**685**	**435**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
314	190	95	43	12	-	-	-	-	-	-	-	-
2,329	**2,329**	**1,829**	**1,566**	**1,358**	**53**	**53**	**-**	**-**	**-**	**-**	**-**	**-**
459	337	229	141	65	6	3	-	-	-	-	-	-
205	**205**	**205**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	16	5	-	-	-	-	-	-	-	-	-	-
847	**847**	**847**	**847**	**795**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
205	162	117	72	29	-	-	-	-	-	-	-	-
2,693	**2,693**	**2,693**	**2,693**	**2,693**	**93**	**93**	**-**	**-**	**-**	**-**	**-**	**-**
679	544	409	271	132	11	5	-	-	-	-	-	-
375	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**-**	**-**	**-**	**-**	**-**
192	169	145	122	98	73	49	24	-	-	-	-	-
1,743	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,193**	**-**	**-**	**-**	**-**	**-**	**-**
628	537	445	352	258	164	69	-	-	-	-	-	-
4,929	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**4,929**	**3,269**	**1,604**	**-**	**-**	**-**	**-**
2,681	2,358	2,030	1,697	1,359	1,017	672	325	72	-	-	-	-
131	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**6**	**6**	**6**	**-**
99	88	77	66	55	43	31	20	8	2	1	1	-
2,403	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**2,403**	**403**	**-**	**-**	**-**	**-**
1,320	1,163	1,005	845	682	516	351	184	18	-	-	-	-
2,082	**2,082**	**2,082**	**2,082**	**2,082**	**2,082**	**2,082**	**2,082**	**2,082**	**703**	**703**	**703**	**-**
1,742	1,571	1,397	1,220	1,040	857	674	488	301	175	112	49	-
793	**793**	**793**	**793**	**793**	**793**	**793**	**792**	**664**	**664**	**664**	**664**	**-**
785	717	648	580	510	440	368	296	230	170	111	51	-
733	**733**	**733**	**733**	**733**	**733**	**733**	**733**	**733**	**733**	**733**	**733**	**-**
751	689	627	565	502	438	375	310	244	178	112	46	-
277	**271**	**156**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**-**
127	104	86	75	66	58	49	41	32	23	14	5	-
223	**223**	**223**	**223**	**223**	**223**	**223**	**223**	**208**	**208**	**208**	**208**	**-**
224	205	186	167	147	128	108	89	69	50	32	13	-
2,649	**2,649**	**2,649**	**2,649**	**2,649**	**2,649**	**2,649**	**2,647**	**1,906**	**1,906**	**1,906**	**1,906**	**-**
2,524	2,296	2,066	1,834	1,598	1,359	1,117	873	665	493	322	150	-
46	**46**	**46**	**46**	**46**	**46**	**46**	**46**	**46**	**46**	**46**	**46**	**-**
46	42	38	34	30	26	23	19	14	10	6	2	-
6,598	**6,557**	**5,783**	**5,411**	**5,411**	**5,411**	**5,411**	**5,402**	**2,889**	**2,889**	**2,889**	**2,889**	**-**
4,989	4,423	3,881	3,381	2,891	2,394	1,892	1,386	1,000	740	480	220	-
6,822	**6,692**	**4,189**	**2,986**	**2,986**	**2,986**	**2,986**	**2,976**	**-**	**-**	**-**	**-**	**-**
2,704	2,132	1,646	1,308	1,023	734	443	149	-	-	-	-	-
7,946	**7,676**	**2,491**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1,193	562	119	-	-	-	-	-	-	-	-	-	-
2,300	**2,300**	**1,800**	**1,300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
396	248	137	52	-	-	-	-	-	-	-	-	-
-	**-**	**11,775**	**17,800**	**17,290**	**16,415**	**16,335**	**16,290**	**16,205**	**13,285**	**15,915**	**8,735**	**8,645**
12,803	12,803	12,361	11,230	9,862	8,529	7,215	5,891	4,563	3,348	2,128	1,093	363

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1987-2005

PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUT-STANDING 6-30-86	1987	1988	1989	1990	1991	1992
State Building (Natural Resources)	'75-415	$ 11,000	**$ 1,000** 546	**$1,000** 497	**$1,000** 448	**$1,000** 399	**$1,000** 348	**$1,000** 296
Pollution Control	X'71-20	13,625	**1,738** 270	**1,738** 243	**1,738** 215	**1,738** 187	**1,738** 158	**1,738** 128
	'73-771	10,875	**1,013** 532	**1,013** 486	**1,013** 438	**1,013** 390	**1,013** 341	**1,013** 290
	'75-354	19,550	**1,450** 1,160	**1,450** 1,070	**1,450** 979	**1,450** 898	**1,450** 816	**1,450** 734
	'77-418	700	**50** 44	**50** 41	**50** 38	**50** 35	**50** 32	**50** 29
	'79-285	5,400	**300** 453	**300** 428	**300** 402	**300** 377	**300** 352	**300** 326
	'84-597	18,000	**1,274** 1,278	**1,971** 1,192	**2,194** 1,048	**2,398** 886	**2,555** 706	**2,306** 525
State Building (Parks and Recreation)	'77-421	32,400	**2,700** 1,540	**2,700** 1,419	**2,700** 1,297	**2,700** 1,173	**2,700** 1,049	**2,700** 922
State Transportation	'76-339	13,750	**1,250** 651	**1,250** 598	**1,250** 543	**1,250** 486	**1,250** 429	**1,250** 369
	'77-277	30,600	**2,500** 1,515	**2,500** 1,395	**2,500** 1,275	**2,500** 1,156	**2,500** 1,037	**2,500** 916
	'79-280	36,300	**2,489** 2,683	**2,934** 2,503	**3,077** 2,287	**3,207** 2,063	**3,308** 1,827	**3,148** 1,589
	'80-610	12,220	**710** 1,061	**710** 1,000	**710** 939	**710** 879	**710** 818	**710** 757
	'84-597	8,400	**600** 746	**600** 693	**600** 640	**600** 588	**600** 535	**600** 481
Vietnam Veterans' Bonus	'73-204	24,000	**3,000** 1,081	**3,000** 940	**3,000** 797	**3,000** 655	**3,000** 512	**3,000** 367
Waste Management	'80-564	6,600	**417** 529	**487** 497	**509** 460	**530** 421	**546** 379	**521** 337
	X'85-15	2,700	**191** 192	**296** 179	**329** 157	**360** 133	**383** 106	**346** 79
Exchange Bonds	'85-16A.66	6,300	**-** 3	**-** 3	**-** 3	**-** 3	**-** 3	**-** 3
Zoological Gardens	'73-207	14,825	**1,525** 767	**1,575** 686	**1,625** 601	**1,650** 513	**1,700** 421	**1,750** 325
Total General Fund		$1,078,215	**$ 79,336** 73,577	**$ 84,618** 68,431	**$ 84,693** 63,052	**$ 86,253** 57,625	**$ 83,093** 52,201	**$ 76,535** 47,076
Trunk Highway	'67-873	12,400	**5,500** 406	**5,600** 168	**1,300** 24	**-** -	**-** -	**-** -
	'77-277	35,700	**2,500** 2,318	**2,500** 2,168	**2,500** 2,019	**2,500** 1,868	**2,500** 1,716	**2,500** 1,562
	'83-17	51,565	**3,385** 4,535	**3,385** 4,241	**3,385** 3,946	**3,385** 3,652	**3,385** 3,356	**3,385** 3,059
Total Trunk Highway Fund		$ 99,665	**$ 11,385** 7,259	**$ 11,485** 6,577	**$ 7,185** 5,989	**$ 5,885** 5,519	**$ 5,885** 5,072	**$ 5,885** 4,621

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1987-2005

PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE

(In Thousands)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$ 1,000	**$ 1,000**	**$ 1,000**	**$ 1,000**	**$ 1,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
244	191	138	83	28	-	-	-	-	-	-	-	-
1,738	**488**	**488**	**488**	-	-	-	-	-	-	-	-	-
98	68	40	13	-	-	-	-	-	-	-	-	-
1,013	**1,013**	**1,013**	**1,013**	**750**	-	-	-	-	-	-	-	-
239	186	134	82	38	-	-	-	-	-	-	-	-
1,450	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**700**	-	-	-	-	-
651	567	482	397	310	222	134	46	-	-	-	-	-
50	**50**	**50**	**50**	**50**	**50**	**50**	**50**	-	-	-	-	-
26	22	19	16	13	10	7	3	-	-	-	-	-
300	**300**	**300**	**300**	**300**	**300**	**300**	**300**	**300**	**300**	**300**	**300**	-
301	275	250	224	199	173	148	122	95	68	41	14	-
2,326	**2,247**	**729**	-	-	-	-	-	-	-	-	-	-
349	164	35	-	-	-	-	-	-	-	-	-	-
2,700	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	-	-	-	-	-	-	-
794	664	535	402	270	135	-	-	-	-	-	-	-
1,250	**1,250**	**1,250**	**1,250**	**1,250**	-	-	-	-	-	-	-	-
310	249	188	125	63	-	-	-	-	-	-	-	-
2,500	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**600**	-	-	-	-	-	-
793	669	545	419	292	164	35	-	-	-	-	-	-
3,161	**3,110**	**2,141**	**1,675**	**1,675**	**1,675**	**1,675**	**1,674**	**825**	**175**	**175**	**175**	-
1,352	1,108	898	746	614	480	346	211	84	39	24	8	-
710	**710**	**710**	**710**	**710**	**710**	**710**	**710**	**570**	**570**	**570**	**570**	-
696	635	574	512	450	386	322	257	199	147	96	45	-
600	**600**	**600**	**600**	**600**	**600**	**600**	**598**	-	-	-	-	-
428	374	319	263	206	148	89	30	-	-	-	-	-
3,000	**3,000**	-	-	-	-	-	-	-	-	-	-	-
221	74	-	-	-	-	-	-	-	-	-	-	-
523	**515**	**363**	**290**	**290**	**290**	**290**	**290**	**290**	**150**	**150**	**150**	-
296	253	216	188	163	137	111	85	59	39	26	12	-
349	**337**	**109**	-	-	-	-	-	-	-	-	-	-
52	25	5	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	**3,150**	**3,150**	-	-	-
3	3	3	3	3	3	3	3	2	1	-	-	-
1,800	**1,875**	**1,175**	**75**	**75**	-	-	-	-	-	-	-	-
225	121	39	8	4	-	-	-	-	-	-	-	-
$ 73,634	**$ 71,864**	**$ 66,494**	**$64,370**	**$60,700**	**$51,440**	**$46,210**	**$41,790**	**$32,105**	**$24,885**	**$24,365**	**$17,185**	**$ 8,645**
42,129	37,124	32,243	27,569	23,018	18,651	14,638	10,850	7,655	5,484	3,503	1,707	363

-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
2,500	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**950**	**950**	**950**	**950**	**950**	**950**	-
1,408	1,253	1,098	941	784	626	468	385	299	214	128	43	-
3,385	**3,385**	**3,385**	**3,385**	**3,385**	**3,385**	**3,385**	**3,360**	**1,050**	**1,050**	**1,050**	**1,050**	-
2,762	2,464	2,161	1,853	1,539	1,221	900	577	367	272	178	83	-
$ 5,885	**$ 5,885**	**$ 5,885**	**$ 5,885**	**$ 5,885**	**$ 5,885**	**$ 4,335**	**$ 4,310**	**$ 2,000**	**$ 2,000**	**$ 2,000**	**$ 2,000**	**$ -**
4,170	3,716	3,259	2,794	2,324	1,847	1,368	962	666	486	306	126	-

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1987-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUT-STANDING 6-30-86	1987	1988	1989	1990	1991	1992
Federal Fund								
State Building, Capital Improvement	X'67-8	$ 40	**$ 20**	**$ 20**	**$ -**	**$ -**	**$ -**	**$ -**
			1	-	-	-	-	-
Total Federal Fund		$ 40	**$ 20**	**$ 20**	**$ -**	**$ -**	**$ -**	**$ -**
			1	0	-	-	-	-
Maximum Effort School Loan Fund								
School Loans	'67-583	1,085	**245**	**280**	**280**	**280**	**-**	**-**
			57	41	25	8	-	-
	'69-1056	9,899	**1,441**	**1,506**	**1,506**	**1,506**	**486**	**486**
			538	454	367	281	225	198
	'80-545	3,481	**237**	**286**	**301**	**315**	**326**	**309**
			267	249	228	206	182	158
Refunding Bonds	'85-16A.66	9,935	**-**	**-**	**-**	**-**	**-**	**-**
			817	817	817	817	817	817
Total Maximum Effort School Loan Fund		$ 24,400	**$ 1,924**	**$ 2,072**	**$ 2,087**	**$ 2,102**	**$ 812**	**$ 795**
			1,678	1,561	1,437	1,312	1,223	1,173
State University Board Revenue Fund	'69-1152	$ 8,170	**$ 380**	**$ 400**	**$ 420**	**$ 2,855**	**$ 4,115**	**$ -**
			451	430	407	313	222	-
	'73-599	5,425	**200**	**200**	**200**	**200**	**200**	**200**
			272	261	251	241	231	221
Total State University Board Revenue Fund		$ 13,595	**$ 580**	**$ 600**	**$ 620**	**$ 3,055**	**$ 4,315**	**$ 200**
			723	691	658	554	453	221
Total Principal - All Funds		$1,215,915	**$ 93,245**	**$ 98,795**	**$ 94,585**	**$ 97,295**	**$ 94,105**	**$ 83,415**
Total Interest - All Funds			83,238	77,260	71,136	65,010	58,949	53,091
Total Debt Services - All Funds(1)			**$176,483**	**$176,055**	**$165,721**	**$162,305**	**$153,054**	**$136,506**

---

(1) The Total Debt Service - All Funds does not include refunded bonds for which funds are held in escrow, have been invested and will be sufficient to pay the principal of, and interest on, the bonds to their earliest call date. The refunded bonds consist of the following: $44,100,000 dated August 1, 1981; $49,600,000 dated May 1, 1982; and $53,550,000 dated August 1, 1982.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1987-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
-	-	-	-	-	-	-	-	-	-	-	-	-
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
-	-	-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-	-	-
486	**486**	**486**	**486**	**486**	**186**	**186**	**111**	**51**	**-**	**-**	**-**	**-**
171	144	117	89	61	36	24	11	2	-	-	-	-
310	**305**	**199**	**149**	**149**	**149**	**149**	**149**	**149**	**-**	**-**	**-**	**-**
134	109	88	73	60	47	33	20	7	-	-	-	-
0	**0**	**0**	**0**	**460**	**1,285**	**1,290**	**1,285**	**1,270**	**1,240**	**1,485**	**815**	**805**
817	817	817	817	799	730	626	521	416	312	198	102	34
$ 796	**$ 791**	**$ 686**	**$ 635**	**$ 1,095**	**$ 1,620**	**$ 1,625**	**$ 1,545**	**$ 1,470**	**$ 1,240**	**$ 1,485**	**$ 815**	**$ 805**
1,122	1,070	1,021	978	919	813	683	552	425	312	198	102	34
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
-	-	-	-	-	-	-	-	-	-	-	-	-
200	**4,025**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
210	103	-	-	-	-	-	-	-	-	-	-	-
$ 200	**$ 4,025**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
210	103	-	-	-	-	-	-	-	-	-	-	-
$ 80,515	**$ 82,565**	**$ 73,065**	**$ 70,890**	**$67,680**	**$58,945**	**$52,170**	**$47,645**	**$35,575**	**$28,125**	**$27,850**	**$20,000**	**$ 9,450**
47,631	42,013	36,523	31,341	26,261	21,311	16,689	12,364	8,746	6,282	4,008	1,935	397
$128,146	**$124,578**	**$109,588**	**$102,231**	**$93,941**	**$80,256**	**$68,859**	**$60,009**	**$44,321**	**$34,407**	**$31,858**	**$21,935**	**$ 9,847**

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT BY PURPOSE AS OF JULY 1, 1986
(In Thousands)

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971-856(1)	Municipal Aid	$ 4,330	Municipal Aid	$ 4,330	$ 0	$ 4,330
M.S. 116.18	Water Pollution Control	156,000	Prevention, Control, Abatement of Water Pollution	156,000	140,100	15,900
1979-280	Transportation	52,000	County, Municipal and Township Bridges	52,000	50,000	2,000
1979-300(3)	Building	3,264	Public Dam Reconstruction	3,264	3,135	129
1980-545	School Loans	20,000	Acquisition and Betterment of Public School Land and Buildings	20,000	15,025	4,975
1980-564	Waste Management	15,000	Waste Processing Facility Assistance	8,800		
			Acquisition of Real Property for Hazardous Waste Facility Sites	6,200	7,600	7,400
1981-334(1)	Building	46,315	District Heating System	46,315	4,435	41,880
1983-323	Building	30,000	School Energy	30,000	23,000	7,000
1984-597(3)	Building	126,772.5	Administration	5,570		
			Natural Resources	6,798		
			Iron Range Resources and Rehabilitation Board	1,120		
			Military Affairs	363		
			Historical Society	3,000		
			Education	7,706		
			Community Colleges	20,970.5		
			State Universities	15,780		
			University of Minnesota	55,951		
			Capitol Area Architectural Planning Board	1,550		
			Corrections	100		
			Supreme Court	200		
			Human Services	280		
			Interest Rate Reduction	7,230		
			Other	154	74,473	52,299.5
1984-597	Transportation	16,000	Railroad Rehabilitation	12,000		
			Local Interstate Substitution	4,000	9,000	7,000
1985-15	Building	154,865	Supreme Court	2,450		
			Administration	7,778		
			Natural Resources	10,915		
			Energy and Economic Development	28,975		
			Military Affairs	1,130		
			Agriculture	1,500		
			Historical Society	5,700		
			Education	515		
			Vocational Technical Education	7,088		
			Community Colleges	4,807		
			State Universities	12,589		
			University of Minnesota	71,243		
			Other	175	61,500	93,365
1985-15	Transportation	2,035	Interstate Substitution	2,035	0	2,035
1985-15	Waste Management	11,400	Waste Processing Facility Assistance	11,400	2,700	8,700
1986-383	Reinvest In Minnesota	16,000	Agriculture	10,000		
			Natural Resources	6,000	0	16,000
1986-398	Rural Finance Administration	50,000	Farm Loan Restructuring	50,000	0	50,000
X1986-2	Family Farm Security	20,000	Family Farm Security Loan Guaranty Program	20,000	0	20,000
	Total Authorized, Unissued(2)					$ 333,013.5

(1) Laws 1984, Chapter 597 reduced Building Bond Authorizations as follows: Laws 1981, Chapter 334 by $3,685,000; and Laws 1983, Chapter 344 by $7,660,000. Laws 1984, Chapter 597 also reduced the Municipal Aid Bonds authorization in Laws 1971, Chapter 856 by $15,670,000.

(2) Laws 1984, Chapter 597 authorizes the increase of all authorized and unissued bonds, as authorized before 1984, by 5 percent for payments made under contracts for interest rate reduction measures.

(3) Special Session Laws 1985, Chapter 15 reduced Building Bond authorizations as follows: Laws 1979, Chapter 300 by $511,000 and Laws 1984, Chapter 597 by $767,500.

STATISTICAL SECTION

The following usual statistical tables are not included because they are not applicable to the state's operations: all tables relating to property tax levies and collections; computation of legal debt margin, and computation of overlapping debt. Minnesota data privacy laws prevent disclosure of the names of principal taxpayers.

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1977-1986
(In Thousands)

	1977	1978	1979	1980
Individual Income Taxes..................	$1,211,200	$1,385,963	$1,640,604	$1,749,125
Corporate Income Taxes..................	263,737	293,646	347,284	375,510
Sales Tax................................	468,543	539,387	610,473	652,442
Gross Earnings Taxes.....................	111,628	120,174	137,492	133,470
Motor Vehicle Excise Tax.................	73,364	84,347	96,967	88,771
Motor Vehicle Licenses...................	98,651	111,430	116,703	128,998
Gasoline and Special Fuel Taxes..........	210,284	217,860	228,716	215,875
Other Taxes..............................	306,105	319,051	392,041	388,185
Federal Grants...........................	796,799	865,466	958,880	1,133,867
Other Revenue............................	210,471	230,648	257,555	286,192
Gross Revenue..........................	$3,750,782	$4,167,972	$4,786,715	$5,152,435
Less Revenue Refunds...................	213,282	236,462	286,717	416,918
Net Revenue..........................	$3,537,500	$3,931,510	$4,499,998	$4,735,517

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION & NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1977-1986
(In Thousands)

	1977	1978	1979	1980
Current Expenditures:				
Protection of Persons/Property.........	$ 46,668	$ 57,322	$ 61,918	$ 67,431
Transportation.........................	124,230	134,054	144,073	155,287
Resource Management....................	60,458	55,069	61,676	68,858
Economic/Manpower Development..........	55,906	60,904	84,493	97,578
Education..............................	141,989	157,037	167,373	187,577
Health and Social Services.............	181,541	201,745	205,024	225,037
General Government.....................	73,313	78,848	81,671	90,175
Capital Outlay...........................	198,959	194,686	98,382	272,885
Debt Service.............................	82,813	85,415	99,856	103,899
Grants and Subsidies.....................	2,597,805	2,876,802	3,127,424	3,482,126
Total Expenditures.....................	$3,563,682	$3,901,882	$4,131,890	$4,750,853
Net Operating Transfers-Out..............	151,847	169,163 (2)	120,205	278,594
Total Expenditures and Net Transfers-Out..................	$3,715,529	$4,071,045	$4,252,095	$5,029,447

(1) Revenues and expenditures are accounted for on the modified accrual basis for fiscal years 1980-1986 and on the budgetary basis for fiscal years 1977-1979.

(2) Net operating transfers-out are reduced by bond proceeds of the Special Revenue Funds for the following years:

1978	$31,000,000
1984	40,000,000
1985	35,000,000
1986	1,250,000

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1977-1986
(In Thousands)

1981	1982	1983	1984	1985	1986
$1,892,685	$1,992,351	$2,304,202	$2,642,957	$2,638,570	$2,488,268
352,462	358,300	287,296	340,027	420,235	403,121
690,765	879,288	1,013,837	1,264,135	1,357,131	1,374,652
141,268	139,185	176,160	147,128	133,041	160,611
87,227	103,888	123,897	179,188	197,213	207,774
136,570	153,447	178,016	198,685	228,017	239,409
241,715	280,174	282,485	348,081	360,517	342,349
356,502	378,796	360,061	355,369	409,425	353,868
1,309,202	1,213,462	1,237,041	1,395,774	1,462,835	1,724,286
314,341	345,318	405,644	465,383	640,057	537,426
$5,522,737	$5,844,209	$6,368,639	$7,336,727	$7,847,041	$7,831,764
433,846	405,577	463,509	451,801	558,406	683,744
$5,088,891	$5,438,632	$5,905,130	$6,884,926	$7,288,635	$7,148,020

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION & NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1977-1986
(In Thousands)

1981	1982	1983	1984	1985	1986
$ 74,228	$ 77,322	$ 80,146	$ 87,285	$ 94,708	$ 103,018
160,639	171,483	185,370	205,123	219,422	223,550
79,807	83,735	90,298	99,045	109,707	115,351
108,508	108,738	112,327	131,407	139,395	150,968
199,967	300,333	238,945	299,428	293,380	305,576
243,305	251,701	269,724	306,188	324,254	348,992
94,704	101,976	114,661	117,542	136,136	142,766
242,500	181,532	158,543	236,173	348,670	384,850
121,051	154,413	222,010	164,178	289,324	165,934
3,747,219	4,405,069	3,668,006	4,625,102	4,953,819	5,138,516
$5,071,928	$5,836,302	$5,140,030	$6,271,471	$6,908,815	$7,079,521
150,172	180,364	148,699	179,230 (2)	197,735 (2)	207,311 (2)
$5,222,100	$6,016,666	$5,288,729	$6,450,701	$7,106,550	$7,286,832

ASSESSED VALUE OF TAXABLE PROPERTY
1977-1986

Year of Assessment	Real Property	Personal Property	Total Assessed Value	Percentage Increase Per Year
1977	$14,214,797,070	$417,352,695	$14,632,149,765	4.27%
1978	15,477,077,792	444,909,746	15,921,987,538	8.82
1979	17,614,740,615	473,975,146	18,088,715,761	13.61
1980	21,369,562,328	515,956,691	21,885,519,019	20.99
1981	24,355,839,165	657,198,624	25,013,037,789	14.29
1982	26,859,320,940	719,236,489	27,578,557,429	10.26
1983	27,603,262,506	769,544,956	28,372,807,462	2.88
1984	28,146,965,204	797,750,660	28,944,715,864	2.02
1985	28,412,803,371	828,890,699	29,241,694,070	1.03
1986 (Est)	27,931,890,811	829,120,952	28,761,011,763	(1.64)

Source: Minnesota Department of Revenue.

MARKET VALUE OF TAXABLE PROPERTY
1977-1986

Year of Assessment	Real Property	Personal Property	Total Market Value	Percentage Increase Per Year
1977	$ 44,250,184,445	$ 984,260,913	$ 45,234,445,358	12.11%
1978	50,734,390,752	1,052,941,093	51,787,331,845	14.49
1979	64,409,727,924	1,127,182,828	65,536,910,752	26.55
1980	90,485,938,695	1,223,819,987	91,709,758,682	39.94
1981	103,331,241,893	1,557,557,879	104,888,799,772	14.37
1982	113,238,393,070	1,704,442,662	114,942,835,732	9.59
1983	118,297,105,953	1,822,351,991	120,119,457,944	4.50
1984	120,668,207,126	1,892,326,701	122,560,533,827	2.03
1985	121,217,292,475	1,967,183,838	123,184,476,313	0.51
1986 (Est)	116,938,355,060	1,967,670,122	118,906,025,182	(3.47)

Source: Minnesota Department of Revenue.

SCHEDULE OF RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE OF TAXABLE PROPERTY AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

Year	General Obligation Bonded Debt (In Thousands)	Percent Debt to Assessed Value(1)	Bonded Debt Per Capita
1977	$ 714,167	5.02%	$179.4
1978	792,013	5.12	197.8
1979	819,003	4.65	202.8
1980	863,725	4.04	211.9
1981	885,412	3.64	215.3
1982	937,619	3.49	226.9
1983	921,800	3.34	222.4
1984	1,057,945	3.76	254.2
1985	1,130,155	3.98	269.7
1986 (Est)	1,202,536	4.31	282.3

(1) Includes real property only.

SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED DEBT TO GENERAL EXPENDITURES
FISCAL YEARS 1977-1986
(In Thousands)

Year	Principal	Interest	Total Debt Service	General Expenditures (1)	Percent of Expenditures
1977	$47,955	$33,039	$ 80,994	$3,563,682	2.27%
1978	56,154	27,451	83,605	3,901,882	2.14
1979	61,510	36,089	97,599	4,131,890	2.36
1980	65,278	38,247	103,525	4,750,853	2.18
1981	68,313	46,413	114,726	5,071,928	2.26
1982	72,793	49,667	122,460	5,836,302	2.10
1983	78,819	59,042	137,861	5,140,030	2.68
1984	77,855	61,486	139,341	6,271,471	2.22
1985	84,890	71,578	156,468	6,908,815	2.26
1986	85,860	74,943	160,803	7,079,521	2.27

(1) Includes the General, Special Revenue and Debt Service Funds.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HOUSING FINANCE AGENCY
PROGRAMS FUND
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage (3)
					Principal	Interest	Total	
1977	$16,382	$ 17,586	$ 380	$ 33,588	$86,925	$ 15,803	$102,728	0.33
1978	20,963	33,602	710	53,855	52,543	26,946	79,489	0.68
1979	23,079	60,750	1,126	82,703	14,336	44,400	58,736	1.41
1980	19,689	72,438	1,581	90,546	16,725	52,465	69,190	1.31
1981	22,338	92,030	2,023	112,345	23,797	67,471	91,268	1.23
1982	39,842	102,180	2,284	139,738	28,771	74,182	102,953	1.36
1983	34,569	112,973	5,275	142,267	92,907	92,612	185,519	0.77
1984	46,648	127,350	3,416	170,582	37,675	104,467	142,142	1.20
1985	40,750	148,800	3,448	186,102	52,695	120,173	172,868	1.08
1986	69,833	156,115	4,820	221,128	54,934	132,598	187,532	1.18

(1) Gains (Losses) on revenue bond refundings are included.

(2) Depreciation and amortization expenses are not included.

(3) Other sources of funds not reflected above for revenue bond coverage are: federal grants and subsidies, state appropriations and fund reserves.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HIGHER EDUCATION FACILITIES AUTHORITY
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue	Direct Operating Expenses (1)	Net Available For Debt Service	Debt Service Requirements			Coverage (2)
					Principal	Interest	Total	
1977	$ -	$4,094	$ 18	$4,076	$ 1,240	$2,717	$ 3,957	1.03
1978	-	4,537	25	4,512	1,600	2,883	4,483	1.01
1979	-	5,580	129	5,451	1,825	3,104	4,929	1.11
1980	2,223	4,443	114	6,552	1,860	4,037	5,897	1.11
1981	1,924	4,848	157	6,615	1,975	4,468	6,443	1.03
1982	2,016	4,941	55	6,902	2,240	4,562	6,802	1.01
1983	2,783	6,509	130	9,162	2,460	5,988	8,448	1.08
1984	2,181	7,929	144	9,966	9,535	7,606	17,141	0.58
1985	1,978	8,067	158	9,887	10,285	7,602	17,887	0.55
1986	1,936	7,788	145	9,579	2,305	7,049	9,354	1.02

(1) Depreciation and amortization expenses are not included; investment income from nonoperating revenues is included.

(2) Other sources of funds not reflected above for revenue bond coverage are state appropriations and fund reserves.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
STATE UNIVERSITY BOARD REVENUE FUND
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1977	$17,122	$12,130	$4,992	$1,180	$3,163	$4,343	1.15
1978	17,403	13,693	3,710	1,235	2,499	3,734	0.99
1979	20,051	12,583	7,468	1,345	2,444	3,789	1.97
1980	21,125	12,246	8,879	1,345	2,602	3,947	2.25
1981	22,856	14,695	8,161	1,395	2,417	3,812	2.14
1982	25,424	18,695	6,729	1,450	2,353	3,803	1.77
1983	26,113	19,951	6,162	1,552	2,286	3,838	1.61
1984	26,487	20,877	5,610	1,500	2,217	3,717	1.51
1985	29,642	21,546	8,096	1,565	2,136	3,701	2.19
1986	29,891	22,247	7,644	1,605	2,061	3,666	2.09

(1) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.
(2) Depreciation and amortization expenses are not included.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HIGHER EDUCATION COORDINATING BOARD
STUDENT LOAN FUND
LAST TEN FISCAL YEARS
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1977	$ N/A (3)	$ 3,439	$ 582	$ 2,857	$ -	$ 2,041	$ 2,041	1.40
1978	N/A	6,552	586	5,966	-	2,663	2,663	2.24
1979	31,301	8,659	749	39,211	-	3,085	3,085	12.71
1980	5,626	17,639	1,356	21,909	-	7,571	7,571	2.89
1981	5,687	33,559	2,414	36,832	-	13,642	13,642	2.70
1982	10,206	49,055	3,436	55,825	5,000	23,786	28,786	1.94
1983	25,908	43,434	4,678	64,664	9,000	27,580	36,580	1.77
1984	55,103	50,696	5,486	100,313	66,600	30,026	96,626	1.04
1985	103,416	52,408	5,092	150,732	108,500	29,060	137,560	1.10
1986	47,014	51,049	5,232	92,831	20,720	22,524	43,244	2.15

(1) Proceeds from nonstate grants and subsidies are included. Also included are gains (losses) on revenue bond refundings and investment income from nonoperating revenues.
(2) Depreciation and amortization expenses are not included.
(3) Not Available.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY
FISCAL YEARS 1985 & 1986
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (2)	Direct Operating Expenses	Net Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1985 (1)	$ -	$3,071	$2,195	$ 876	$ -	$ 372	$ 372	2.35
1986	529	8,827	4,521	4,835	120	4,696	4,816	1.00

(1) First year revenue bonds were issued.
(2) Investment income from nonoperating revenues is included.

MINNESOTA BANK DEPOSITS AND GROSS RETAIL SALES
(In Millions)

Year	Bank Deposits	Retail Sales
1977	$18,497	$14,100
1978	20,517	15,758
1979	22,927	18,200
1980	25,463	19,372
1981	27,415	20,379
1982	30,028	21,439
1983	33,946	24,438
1984	37,263	26,812
1985	39,236	27,750
1986	N/A	N/A

Sources: Federal Deposit Insurance Corporation.
Minnesota Department of Revenue, Unpublished.

MINNESOTA POPULATION, PER CAPITA PERSONAL INCOME AND UNEMPLOYMENT RATE

Year	Population (In Thousands)	Personal Income	Unemployment Rate
1977	3,980	$ 7,176	5.1%
1978	4,005	7,926	3.8
1979	4,038	8,890	4.2
1980	4,076	9,677	5.9
1981	4,112	10,710	5.5
1982	4,133	11,249	7.8
1983	4,144	11,760	8.2
1984	4,162	13,212	6.3
1985	4,191	14,071	6.0
1986 (Est)	4,260	14,590	6.1

Source: Data Resources Incorporated.

NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING LOCALITIES
(In Thousands)

YEAR	VALUATION	YEAR	VALUATION
1977	$1,277,110	1982	$ 909,185
1978	1,438,768	1983	1,321,444
1979	1,227,351	1984	1,456,444
1980	974,133	1985	1,650,678
1981	840,449	1986	N/A

Source: U.S. Bureau of the Census Construction Reports.

EMPLOYMENT MIX IN MINNESOTA
(In Thousands)

Category	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 (Est)
Manufacturing Durable	198.9	214.8	234.3	225.7	218.5	206.0	204.5	225.4	225.6	218.5
Manufacturing Non-Durable	139.5	143.5	148.2	145.5	143.8	140.3	140.4	148.5	149.3	151.6
Mining	12.0	16.5	17.2	15.6	15.7	9.5	8.4	9.4	8.4	7.1
Construction	69.5	79.6	84.2	76.5	67.9	59.7	60.3	68.4	71.0	73.3
Transportation/Public Utilities	92.8	94.2	100.3	99.0	98.5	94.8	92.4	97.0	98.8	97.8
Trade	404.9	425.5	444.4	442.8	440.1	430.9	428.5	459.5	466.9	472.1
Finance/Insurance/Real Estate	82.5	86.4	91.8	94.8	97.5	98.2	100.8	106.1	110.8	115.1
Service	311.5	331.5	355.8	369.7	381.8	380.6	392.1	417.8	434.0	449.0
Government	284.7	290.8	294.4	300.6	298.9	288.8	286.8	292.0	301.5	308.3
Agriculture	129.3	120.6	124.5	123.3	122.2	121.1	120.0	118.9	112.7	115.4
Total Employed	1,725.6	1,803.4	1,895.1	1,893.5	1,884.9	1,829.9	1,834.2	1,943.0	1,979.0	2,008.2

Source: Minnesota Department of Jobs & Training.

AVERAGE DAILY PUBLIC SCHOOL MEMBERSHIP

School Year	Kindergarten	Elementary	Secondary	Total All Grades
1976-77	61,040	352,072	443,852	856,964
1977-78	55,504	345,090	430,656	831,250
1978-79	53,528	336,428	413,356	803,312
1979-80	50,947	326,716	394,438	772,101
1980-81	52,732	319,096	379,545	751,373
1981-82	52,143	309,421	367,541	729,105
1982-83	54,130	297,255	359,585	710,970
1983-84	56,006	290,904	353,273	700,183
1984-85	58,129	292,873	344,817	695,819
1985-86	61,151	301,282	336,573	699,006

Source: Minnesota Department of Education.

MINNESOTA BASED CORPORATIONS INCLUDED IN THE FORTUNE 500

Rank		Company	Sales	Assets		Net Income	
1985	1986		($000)	($000)	Rank	($000)	Rank
47	45	Minnesota Mining & Manufacturing	7,846,000	6,593,000	42	664,000	19
56	56	Honeywell	6,624,600	5,033,700	60	281,600	60
64	64	General Mills	5,654,100	2,662,600	120	(72,900)	443
80	94	Pillsbury	4,670,600	2,778,500	115	191,800	86
106	71	Control Data	3,679,700	3,072,500	103	(567,500)	474
164	161	Land O'Lakes	2,267,148	642,323	340	N/A	-
235	240	Geo. A. Hormel	1,502,235	560,939	362	38,618	261
250	237	Farmers Union Central Exchange	1,375,813	690,550	322	N/A	-
267	-	Minstar	1,253,116	1,316,453	222	30,784	293
274	293	International Multifoods	1,211,151	504,588	383	21,701	329
358	369	MEI	808,273	501,586	385	37,678	263
362	358	Bemis	787,028	440,874	411	23,005	324
368	386	Deluxe Check Printers	764,421	520,740	378	104,215	142
376	379	Economic Laboratory	726,939	434,495	415	39,504	257
449	440	Pentair	534,198	305,755	457	20,058	333
453	486	Jostens	529,769	314,511	450	37,985	262
489	473	H.B. Fuller	457,937	253,571	476	14,909	359

Source: Fortune Magazine, dated April 28, 1986.

This page intentionally left blank.